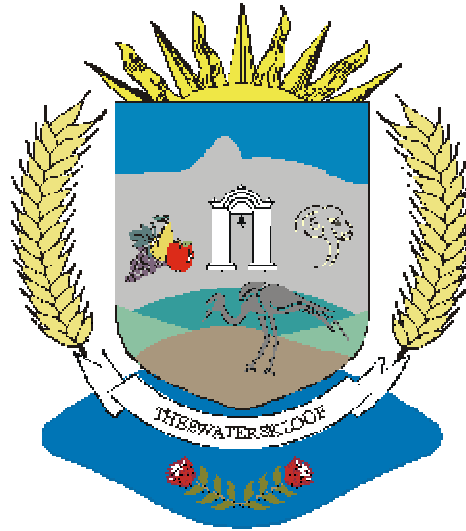


# Theewaterskloof Municipality



## Draft Budget

**2016/2017 to 2018/2019**

**23 March 2016**

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*English is original version*

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## Table of Contents

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<b>List of Tables .....</b>	<b>ii</b>
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### **PART 1 – ANNUAL BUDGET**

1. Council Resolutions .....	1
2. Executive summary .....	2
3. Operating Revenue and Expenditure Framework .....	5
4. Capital Expenditure .....	6
5. Annual budget tables .....	7
6. Overview of Annual Budget Process .....	24
7. Overview of Alignment of Annual Budget with IDP .....	26
8. Measurable performance objectives and Indicators .....	36
9. Overview of Budget Related Policies .....	43
10. Overview of Budget Assumptions .....	46
11. Overview of Budget and Funding .....	53
12. Expenditure on allocations and grant programmes .....	61
13. Annual Budgets and Service delivery and Budget Implementation plans- Internal Departments .....	65
14. Capital expenditure details .....	69
15. Legislation Compliance Status .....	77
16. Other supporting documents .....	78
17. Municipal manager's quality certificate .....	81

## List of tables

---

<u>Description</u>	<u>Page</u>
1. Budget Summary (Table A1) .....	7
2. Budgeted Financial Performance (Revenue and Expenditure by standard classification) (Table A2).....	9
3. Budgeted Financial Performance (Revenue and Expenditure by municipal vote)(Table A3).....	11
4. Budgeted Financial Performance (Revenue and Expenditure) (Table A4).....	12
5. Budgeted Capital Expenditure by vote, standard classification and funding (Table A5) .....	14
6. Budgeted Financial Position (Table A6).....	16
7. Budgeted Cash Flows (Table A7).....	18
8. Cash Backed reserves/accumulated surplus reconciliation (Table A8) .....	19
9. Asset Management (Table A9).....	20
10. Basic Service Delivery measurement(Table A10).....	22
11. Reconciliation between the IDP strategic objectives and budgeted revenue (Table SA4).....	34
12. Reconciliation between the IDP strategic objectives and budgeted operating expenditure (Table SA5).....	35
13. Key financial indicators and ratios (table SA8).....	37
14. Monetary investments by type (Table SA15) .....	54
15. Detail of borrowings (Table SA17).....	55
16. Funding compliance measurement (Table SA10).....	58
17. Expenditure on allocations and grant programmes (Table SA19).....	61
18. Salaries, allowances & benefits (political office bearers, councillors/senior managers)(Table SA23) .....	62
19. Summary councillor and staff benefits (Table SA22) .....	63
20. Summary of personnel numbers (Table SA24).....	64
21. Capital expenditure on new assets by asset class (Table SA34a).....	71
22. Capital expenditure on renewal of existing assets by asset class (Table SA34b) .....	72
23. Repairs and maintenance expenditure by asset class (Table SA34c).....	73
24. Capital expenditure details (Table SA36) .....	74
25. Supporting detail to budgeted financial performance (Table SA1) .....	78
26. Supporting detail to Statement of Financial Position (Table SA3).....	79

## **Abbreviations and Acronyms**

IDP	Integrated Development Plan
MTREF	Medium Term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
kl	Kilolitre
kWh	Kilowatt
VAT	Value Added Tax
SMME	Small Micro and Medium Enterprises
CPI	Consumer Price index
MFMA	Municipal Finance Management Act 56 of 2003
GFS	Government Financial Statistics
MBRR	Municipal Budget and Reporting Regulations
GRAP	Generally Recognized Accounting Practice
MSA	Municipal Systems Act
MIG	Municipal Infrastructure Grant
LED	Local Economic Development
SDBIP	Service Delivery Budget Implementation Plan
DoRA	Division of Revenue Act
PDO	Predetermined Objectives
KPI	Key Performance Indicator
KPA	Key Performance Area
RBIG	Regional Bulk Infrastructure Grant
MTBPS	Medium Term Budget Policy Statement

## 1. Council Resolutions

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1. That Council resolves that the Draft Annual Operating Budget of the municipality for the financial year 2016/2017 and indicative for the two projected Outer Years 2017/2018 and 2018/2019 be approved as set out on Tables A1, A2, A3 and A4.(pages 7 - 13).
2. That Council resolves that the Draft Annual Capital Budget of the municipality for the financial year 2016/2017 and indicative for the two projected Outer Years 2017/2018 and 2018/2019 be approved as set out on Tables A1, A5 and SA36.(pages 8, 14, and 74).
3. That Council resolves that the Monthly Cash Flow Forecasts with appropriate amendments be approved as the Cash Flow Budget of the Council for the 2016/2017 financial year as set out on Tables A1 and A7. (Pages 8 and 18).
4. That Council resolves to adopt the Draft Integrated Development Plan and Draft Service Delivery and Budget Implementation.
5. That Council resolves to adopt the Draft Service Standard (Annexure C).
6. That Council resolves to adopt the “Spatial Development Framework” as part of the Integrated Development Plan, as regulated by the Municipal Systems Act (Act 32 of 2000), a directed in terms of Section 22 of the Bill on the Land Use Planning Act.
7. That Council resolves that the Draft Tariff Charges are approved for the Financial Year 2016/2017 and note that the electricity tariff increase is subjected to NERSA approval. (Annexure A).
8. That the Final Monthly Indigent Subsidy in respect of 6kl Water, 70Kwh Electricity, Refuse, and Sewer are approved and that the applicable free basic services subsidies be calculated on the approved tariffs for the applicable services and measurable units.
9. The first R100,000 on all residential properties are exempt from property rates for persons older than 60 years of age and earning less than R6400 per month. The exemption is also applicable to all households earning less than R4801.
10. That it be noted that “Unfunded Functions” and “Underfunded Functions” are fully budgeted for at present service levels and in respect of Housing.
11. That note is taken that Internal Division of Costs (Departmental Charges) are calculated based on expected budgeted time spent, measurable units/quantities, cost, and that tariffs are determined accordingly.
12. That Council resolves the following Amendments to the Policies as per Annexure B

### Annexure B

1. Funding and Reserve Policy
2. Credit Control and Debt Collection Policy
3. Policy on the writing-off of irrecoverable debt
4. Indigent Policy
5. Tariff Policy
6. Supply Chain Management Policy
7. Rates Policy

## 2. Executive summary

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### LEGAL REQUIREMENTS

The MTREF for 2016/17 to 2018/19 were compiled in accordance with the requirements of the relevant legislation, of which the following are the most important –

- The Constitution of the Republic of South Africa, Act 108 of 1996;
- The Municipal Structures Act, Act 117 of 1998;
- The Municipal Systems Act, Act 32 of 2000;
- The Municipal Finance Management Act, Act 56 of 2003;
- The Municipal Budget and Reporting Regulations promulgated on 17 April 2009; and
- The Division of Revenue Act

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan.

The following budget principles and guidelines directly informed the compilation of the 2016/17 to 2018/19 MTREF –

- National Treasury's MFMA Circulars were used to guide the compilation of the MTREF;
- Headline inflation predictions;
- National outcomes and priorities;
- NERSA guidelines;
- The priorities and targets in relation to the key strategic focus areas as determined in the IDP;
- Tariff and property rates revenue stream increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, or instance the cost-of-living increases and cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be external borrowings taken up during this budget year as a means of a funding source that is available to support the Capital Budget, in view of financial affordability considerations and also to enhance service delivery.

Growth to the Theewaterskloof Municipality's Medium Term Revenue and Expenditure Framework (MTREF) is based on a combination of factors such as (relatively low) generic growth to core tariff-based services, operational efficiencies, and revenue-related policies aimed at optimising and sustaining all income sources.

The MTREF-based Revenue and Expenditure Projections assumed inflation-linked annual adjustments. The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The increased costs associated with bulk water and electricity, placing upward pressure on tariff increases to consumers. Continued high tariff increases may soon render municipal services financially unaffordable;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the cash position into account;

- Salary increases for municipal staff exceeding consumer inflation, and the requirement to fill funded vacant, critical and essential positions in accordance with the Salary and Wage Collective Agreement;
- National and local economic difficulties (low economic growth)
- Above inflation increases in essential maintenance costs
- Old infrastructure which needs to be consistently maintained or replaced

The following further key parameters which are informed by the need to recover costs and to balance the budget were considered for the 2016/17 financial year:

Tariff increases:

- Assessment Rates 9.89%
- Electricity 9% (Subject to NERSA's final approval)
- Water 7.7%
- Sanitation (Sewer) 6%
- Solid Waste (Refuse) 7.9%

The following table provides a consolidated overview of the proposed 2016/2017 MTREF taking into consideration tariff adjustments and increases to input costs:

R thousand	Budget 2015/2016 R'000	Budget Year 2016/2017 R'000	Budget Year 2017/2018 R'000	Budget Year 2018/2019 R'000
Total Operating Revenue	(505,110)	(481,437)	(528,635)	(543,887)
Total Operating Expenditure	488,949	470,657	514,751	533,410
(Suplus)/Deficit for the year	(16,161)	(10,780)	(13,884)	(10,476)
Total Capital Expenditure	85,177	50,579	39,148	37,294

Total operating revenue is projected to decline by 4.7 per cent or R23,673 million for the 2016/17 financial year when compared to the 2015/16 Budget. For the two outer years, operational revenue will increase by 9.8% and 2.9% respectively, equating to a total revenue growth of R 38, 777 million over the MTREF when compared to the 2015/16 financial year.

The major items of operating revenue are as follows:

Description	2015/16 R'000	2016/17 R'000	% of Total Revenue	Growth 2014/15 - 2015/16
Property Rates	75,213	83,766	17%	11%
Service Charges	176,565	180,506	37%	2%
Operational grants	161,579	130,563	27%	-19%
Capital grants	39,788	34,366	7%	-14%
Other own Revenue	51,965	52,237	11%	1%
	<b>505,110</b>	<b>481,437</b>	<b>100%</b>	<b>-5%</b>

Revenue from service charges represents the biggest part (37%) of the municipality's revenue followed by operational grants (27%), property rates (17%) and capital grants (7%). There has been a reduction in operational and capital grants when compared to the 2016/17 financial year.

Total operating expenditure for the 2016/17 financial year amounts to R470, 657 million, which represents a decrease of R18, 292 million (3.7%) over 2015/16, increases of 9.4% and 3.6% for each of the respective outer years of the MTREF. A portion of the surplus of R10, 780 million for 2016/2017 will be used to fund inventory items on the capital budget.

Repairs and maintenance is very low but a distinction has been made to separate repairs from maintenance as there is a fundamental difference between repairs and maintenance. Maintenance is aimed at preventing assets from becoming obsolete and to conserve an asset or resource for as long as possible in its original condition before the expiry of its economic life and should be carried out in accordance with a master plan for infrastructure maintenance. Repairs are work carried out to restore an asset or resource to a sound condition after it has been damaged.

The major operating expenditure items are summarised below:

<b>Description</b>	<b>2015/16 R'000</b>	<b>2016/17 R'000</b>	<b>% of Total Expenditure</b>	<b>Growth 2014/15 - 2015/16</b>
Employee related costs	155,367	171,642	36%	10%
Councillor Remuneration	9,679	10,990	2%	14%
Depreciation and Impairments	32,763	27,263	6%	-17%
Finance Charges	13,496	12,762	3%	-5%
Bulk Purchases	61,253	69,414	15%	13%
Repairs and Maintenance	25,912	26,557	6%	2%
Other expenditure	190,479	152,030	32%	-20%
	<b>488,949</b>	<b>470,657</b>	<b>100%</b>	<b>-4%</b>

Employee related costs and other expenditure represent the major expenditure items at 36% and 32% respectively.

The capital expenditure amount to R50, 579 million and has declined by 40.6% when compared to the 2016/17 adjustment budget. The outer years decrease to R39, 148 million in 2017/2018 and R37, 294 million in 2018/2019.

Successful alignment of Theewaterskloof Municipality's service delivery priorities, as embodied in the updated IDP and its focus areas, objectives and perspectives, to that of National and Provincial Governments is seen as critical if the Municipality wants to achieve its developmental goals. The Strategic Focus Areas developed by Theewaterskloof Municipality are as follows:

- Financial Viability
- Good Governance
- Institutional Development
- Basic Service Delivery
- Local Economic Development



### 3. Operating Revenue and Expenditure Framework

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	7,518	6,571	7,372	2,113	3,173	3,173	1,326	1,288	1,358
Vote 2 - Finance & Admin	126,397	149,131	136,696	136,675	150,024	150,024	153,476	165,974	178,915
Vote 3 - Planning & Development	2,279	2,371	2,004	3,091	5,389	5,389	2,344	2,472	2,396
Vote 4 - Community & Social Services	6,184	6,473	6,379	7,090	7,736	7,736	8,165	7,814	8,153
Vote 5 - Housing	-	-	59,099	63,643	86,266	86,266	51,577	66,775	51,250
Vote 6 - Public Safety	8,077	30,022	25,340	15,306	25,898	25,898	27,285	28,921	30,656
Vote 7 - Sport & Recreation	271	87	75	65	44	44	69	73	77
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	23,190	25,517	26,211	34,812	30,989	30,989	33,681	36,202	38,444
Vote 10 - Waste Water Management	21,564	23,730	25,581	26,789	28,081	28,081	30,066	33,271	36,084
Vote 11 - Roads Transport	4,978	5,318	6,144	5,785	6,730	6,730	6,260	6,511	6,902
Vote 12 - Water	37,200	39,417	45,445	60,848	51,135	51,135	55,270	59,123	63,178
Vote 13 - Electricity	63,310	67,275	70,607	79,520	80,789	80,789	84,107	89,703	95,607
Vote 14 - Other	77,311	82,743	31,442	30,467	28,856	28,856	27,811	30,507	30,866
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>378,278</b>	<b>438,657</b>	<b>442,395</b>	<b>466,204</b>	<b>505,110</b>	<b>505,110</b>	<b>481,437</b>	<b>528,635</b>	<b>543,887</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive & Council	45,942	55,370	56,323	65,154	68,482	68,482	66,937	70,616	76,112
Vote 2 - Finance & Admin	130,085	68,382	50,469	66,106	73,121	73,121	69,579	75,281	78,917
Vote 3 - Planning & Development	10,859	11,143	11,512	14,676	14,922	14,922	15,356	16,608	17,838
Vote 4 - Community & Social Services	4,693	5,649	5,685	6,498	6,747	6,747	8,154	8,787	9,502
Vote 5 - Housing	3,485	3,905	33,712	60,312	79,814	79,814	50,188	63,712	50,870
Vote 6 - Public Safety	11,362	31,777	31,451	25,632	36,068	36,068	38,213	40,655	43,339
Vote 7 - Sport & Recreation	6,460	6,389	7,109	8,522	8,472	8,472	8,859	9,513	10,250
Vote 8 - Environmental Protection	24	33	6	50	50	50	40	42	44
Vote 9 - Waste Management	22,246	24,884	26,708	31,313	30,577	30,577	30,099	32,069	34,249
Vote 10 - Waste Water Management	19,358	21,436	25,833	26,171	27,180	27,180	28,352	30,724	32,373
Vote 11 - Roads Transport	24,165	25,624	28,700	31,389	31,159	31,159	34,547	36,618	39,062
Vote 12 - Water	32,074	38,860	37,927	43,650	43,236	43,236	46,032	49,840	54,081
Vote 13 - Electricity	48,429	52,878	53,310	67,121	66,368	66,368	71,625	77,483	83,840
Vote 14 - Other	4,567	34,391	447	2,738	2,753	2,753	2,677	2,802	2,934
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>363,748</b>	<b>380,722</b>	<b>369,191</b>	<b>449,331</b>	<b>488,949</b>	<b>488,949</b>	<b>470,657</b>	<b>514,751</b>	<b>533,410</b>
<b>Surplus/(Deficit) for the year</b>	<b>14,530</b>	<b>57,935</b>	<b>73,204</b>	<b>16,873</b>	<b>16,161</b>	<b>16,161</b>	<b>10,780</b>	<b>13,884</b>	<b>10,476</b>

## 4. Capital Expenditure

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - Executive & Council	1,752	–	–	–	–	–	–	–	–
Vote 2 - Finance & Admin	1,630	–	–	–	–	–	–	–	–
Vote 3 - Planning & Development	4,445	–	–	–	–	–	–	–	–
Vote 4 - Community & Social Services	–	–	14	–	–	–	–	800	800
Vote 5 - Housing	33,113	–	29,555	8,900	11,682	11,682	7,213	9,338	7,167
Vote 6 - Public Safety	–	–	–	–	–	–	–	–	–
Vote 7 - Sport & Recreation	695	3,270	10,303	–	–	–	–	–	–
Vote 8 - Environmental Protection	–	–	–	–	–	–	–	–	–
Vote 9 - Waste Management	347	–	–	–	–	–	1,105	2,100	–
Vote 10 - Waste Water Management	21,097	8,238	–	–	–	–	5,184	4,000	8,625
Vote 11 - Roads Transport	8,296	–	–	–	–	–	1,526	16,520	15,439
Vote 12 - Water	9,059	5,688	–	–	–	–	219	250	–
Vote 13 - Electricity	7,889	–	2,342	–	–	–	–	–	–
Vote 14 - Other	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
<b>Capital multi-year expenditure sub-total</b>	<b>88,323</b>	<b>17,195</b>	<b>42,214</b>	<b>8,900</b>	<b>11,682</b>	<b>11,682</b>	<b>15,248</b>	<b>33,008</b>	<b>32,031</b>
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - Executive & Council	–	4,099	1,964	4,008	7,752	7,752	2,130	–	–
Vote 2 - Finance & Admin	–	705	506	890	995	995	550	–	–
Vote 3 - Planning & Development	–	2,458	910	421	92	92	–	–	–
Vote 4 - Community & Social Services	–	354	167	236	1,300	1,300	826	–	–
Vote 5 - Housing	–	16,661	–	–	–	–	–	–	–
Vote 6 - Public Safety	–	–	204	258	258	258	160	–	–
Vote 7 - Sport & Recreation	–	40	166	797	4,639	4,639	–	–	–
Vote 8 - Environmental Protection	–	–	–	–	–	–	–	–	–
Vote 9 - Waste Management	–	–	–	3,000	3,000	3,000	2,281	–	–
Vote 10 - Waste Water Management	–	10,368	16,039	22,500	21,767	21,767	13,495	–	–
Vote 11 - Roads Transport	–	5,192	3,303	3,800	3,929	3,929	–	–	–
Vote 12 - Water	–	2,428	2,526	4,526	10,652	10,652	4,145	–	–
Vote 13 - Electricity	–	3,445	5,128	11,637	13,724	13,724	11,743	6,140	5,263
Vote 14 - Other	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
<b>Capital single-year expenditure sub-total</b>	<b>–</b>	<b>45,751</b>	<b>30,913</b>	<b>52,073</b>	<b>68,109</b>	<b>68,109</b>	<b>35,331</b>	<b>6,140</b>	<b>5,263</b>
<b>Total Capital Expenditure - Vote</b>	<b>88,323</b>	<b>62,947</b>	<b>73,127</b>	<b>60,973</b>	<b>79,791</b>	<b>79,791</b>	<b>50,579</b>	<b>39,148</b>	<b>37,294</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>3,382</b>	<b>4,947</b>	<b>3,223</b>	<b>4,919</b>	<b>8,840</b>	<b>8,840</b>	<b>2,681</b>	<b>–</b>	<b>–</b>
Executive and council	901	1,645	1,762	1,597	1,447	1,447	1,798	–	–
Budget and treasury office	1,630	4	29	38	38	38	40	–	–
Corporate services	851	3,298	1,432	3,284	7,355	7,355	843	–	–
<b>Community and public safety</b>	<b>33,808</b>	<b>20,325</b>	<b>40,409</b>	<b>10,190</b>	<b>17,878</b>	<b>17,878</b>	<b>8,199</b>	<b>10,138</b>	<b>7,967</b>
Community and social services	–	354	181	236	1,300	1,300	826	800	800
Sport and recreation	695	3,309	10,469	797	4,639	4,639	–	–	–
Public safety	–	–	204	258	258	258	160	–	–
Housing	33,113	16,661	29,555	8,900	11,682	11,682	7,213	9,338	7,167
Health	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>	<b>12,741</b>	<b>7,507</b>	<b>3,461</b>	<b>4,200</b>	<b>3,929</b>	<b>3,929</b>	<b>1,526</b>	<b>16,520</b>	<b>15,439</b>
Planning and development	4,445	2,316	158	400	–	–	–	–	–
Road transport	8,296	5,192	3,303	3,800	3,929	3,929	1,526	16,520	15,439
Environmental protection	–	–	–	–	–	–	–	–	–
<b>Trading services</b>	<b>38,392</b>	<b>30,168</b>	<b>26,035</b>	<b>41,664</b>	<b>49,143</b>	<b>49,143</b>	<b>38,173</b>	<b>12,490</b>	<b>13,888</b>
Electricity	7,889	3,445	7,470	11,637	13,724	13,724	11,743	6,140	5,263
Water	9,059	8,116	2,526	4,526	10,652	10,652	4,364	250	–
Waste water management	21,097	18,607	16,039	22,500	21,767	21,767	18,680	4,000	8,625
Waste management	347	–	–	3,000	3,000	3,000	3,386	2,100	–
<b>Other</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure - Standard</b>	<b>88,323</b>	<b>62,947</b>	<b>73,127</b>	<b>60,973</b>	<b>79,791</b>	<b>79,791</b>	<b>50,579</b>	<b>39,148</b>	<b>37,294</b>
<b>Funded by:</b>									
National Government	35,335	27,434	29,598	29,717	29,052	29,052	27,153	29,810	30,127
Provincial Government	33,038	19,307	30,240	8,900	12,492	12,492	7,213	9,338	7,167
District Municipality	–	62	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	<b>68,373</b>	<b>46,802</b>	<b>59,838</b>	<b>38,617</b>	<b>41,544</b>	<b>41,544</b>	<b>34,366</b>	<b>39,148</b>	<b>37,294</b>
<b>Public contributions &amp; donations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Borrowing</b>	<b>5,455</b>	<b>8,509</b>	<b>6,687</b>	<b>11,550</b>	<b>12,313</b>	<b>12,313</b>	<b>7,909</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>	<b>14,495</b>	<b>7,635</b>	<b>6,602</b>	<b>10,806</b>	<b>25,934</b>	<b>25,934</b>	<b>8,304</b>	<b>–</b>	<b>–</b>
<b>Total Capital Funding</b>	<b>88,323</b>	<b>62,947</b>	<b>73,127</b>	<b>60,973</b>	<b>79,791</b>	<b>79,791</b>	<b>50,579</b>	<b>39,148</b>	<b>37,294</b>

## 5. Annual budget tables

The following ten tables set out the municipality's 2016/2017 budget and MTREF to be approved by resolution of Council:

Budget Summary (Table A1)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	47,607	58,314	68,769	75,213	75,213	75,213	83,766	89,801	96,238
Service charges	131,758	142,532	153,960	178,274	176,565	176,565	180,506	193,863	207,660
Investment revenue	2,407	2,904	5,134	2,606	4,500	4,500	5,000	5,300	5,618
Transfers recognised - operational	74,010	106,700	109,684	136,386	161,579	161,579	130,563	150,452	144,003
Other own revenue	49,380	79,233	45,177	35,109	47,465	47,465	47,237	50,071	53,074
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>305,163</b>	<b>389,683</b>	<b>382,724</b>	<b>427,588</b>	<b>465,322</b>	<b>465,322</b>	<b>447,072</b>	<b>489,487</b>	<b>506,593</b>
Employee costs	109,725	124,568	138,725	153,721	155,367	155,367	171,642	186,879	204,375
Remuneration of councillors	7,410	8,203	8,573	10,479	9,679	9,679	10,990	11,540	12,117
Depreciation & asset impairment	98,311	32,816	12,609	27,081	32,763	32,763	27,263	28,483	29,758
Finance charges	12,780	12,478	13,237	13,496	13,496	13,496	12,762	13,563	13,392
Materials and bulk purchases	45,334	50,043	54,670	62,253	61,253	61,253	69,414	76,300	83,896
Transfers and grants	783	912	1,351	1,000	1,500	1,500	1,500	1,575	1,654
Other expenditure	89,405	151,703	140,027	181,301	214,891	214,891	177,087	196,411	188,218
<b>Total Expenditure</b>	<b>363,748</b>	<b>380,722</b>	<b>369,191</b>	<b>449,331</b>	<b>488,949</b>	<b>488,949</b>	<b>470,657</b>	<b>514,751</b>	<b>533,410</b>
<b>Surplus/(Deficit)</b>	<b>(58,586)</b>	<b>8,961</b>	<b>13,533</b>	<b>(21,744)</b>	<b>(23,627)</b>	<b>(23,627)</b>	<b>(23,585)</b>	<b>(25,264)</b>	<b>(26,817)</b>
Transfers recognised - capital	73,116	48,974	59,671	38,617	39,788	39,788	34,366	39,148	37,294
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>14,530</b>	<b>57,935</b>	<b>73,204</b>	<b>16,873</b>	<b>16,161</b>	<b>16,161</b>	<b>10,780</b>	<b>13,884</b>	<b>10,476</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>14,530</b>	<b>57,935</b>	<b>73,204</b>	<b>16,873</b>	<b>16,161</b>	<b>16,161</b>	<b>10,780</b>	<b>13,884</b>	<b>10,476</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>88,323</b>	<b>62,947</b>	<b>73,127</b>	<b>60,973</b>	<b>79,791</b>	<b>79,791</b>	<b>50,579</b>	<b>39,148</b>	<b>37,294</b>
Transfers recognised - capital	68,373	46,802	59,838	38,617	41,544	41,544	34,366	39,148	37,294
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	5,455	8,509	6,687	11,550	12,313	12,313	7,909	-	-
Internally generated funds	14,495	7,635	6,602	10,806	25,934	25,934	8,304	-	-
<b>Total sources of capital funds</b>	<b>88,323</b>	<b>62,947</b>	<b>73,127</b>	<b>60,973</b>	<b>79,791</b>	<b>79,791</b>	<b>50,579</b>	<b>39,148</b>	<b>37,294</b>
<b>Financial position</b>									
Total current assets	64,331	77,064	111,643	60,852	70,545	70,545	58,970	65,688	70,786
Total non current assets	703,917	810,655	908,952	892,787	975,669	975,669	1,008,824	1,019,489	1,027,025
Total current liabilities	69,816	67,111	91,644	66,438	67,243	67,243	70,003	73,460	73,772
Total non current liabilities	165,534	178,789	210,212	194,970	231,201	231,201	239,242	239,284	241,130
Community wealth/Equity	532,899	641,819	718,739	692,231	747,769	747,769	758,549	772,433	782,910
<b>Cash flows</b>									
Net cash from (used) operating	92,559	67,384	114,641	41,472	44,478	44,478	42,436	48,333	45,670
Net cash from (used) investing	(79,990)	(61,553)	(77,467)	(58,726)	(69,952)	(69,952)	(58,036)	(36,617)	(34,618)
Net cash from (used) financing	(6,437)	4,651	(6,740)	4,809	7,939	7,939	531	(8,285)	(9,026)
<b>Cash/cash equivalents at the year end</b>	<b>27,545</b>	<b>38,028</b>	<b>68,463</b>	<b>22,414</b>	<b>50,928</b>	<b>50,928</b>	<b>35,859</b>	<b>39,290</b>	<b>41,316</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	27,545	38,218	78,295	22,414	50,928	50,928	45,691	49,122	51,148
Application of cash and investments	22,290	24,167	49,148	12,213	26,399	26,399	26,790	26,405	24,853
<b>Balance - surplus (shortfall)</b>	<b>5,255</b>	<b>14,051</b>	<b>29,146</b>	<b>10,201</b>	<b>24,529</b>	<b>24,529</b>	<b>18,901</b>	<b>22,717</b>	<b>26,294</b>
<b>Asset management</b>									
Asset register summary (WDV)	703,893	810,441	899,119	892,768	964,194	964,194	998,992	1,009,657	1,017,193
Depreciation & asset impairment	98,311	32,816	12,609	27,081	32,763	32,763	27,263	28,483	29,758
Renewal of Existing Assets	43,221	17,254	26,086	22,120	26,714	26,714	18,110	-	-
Repairs and Maintenance	17,849	18,412	22,368	26,413	25,912	25,912	26,557	27,732	29,118
<b>Free services</b>									
Cost of Free Basic Services provided	11,940	12,728	12,647	24,052	14,929	14,929	22,986	22,986	24,825
Revenue cost of free services provided	2,073	843	1,419	-	1,500	1,500	-	902	947
<b>Households below minimum service level</b>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	-	-	1	1	1	1	1	1	1
Refuse:	-	-	-	-	-	-	-	-	-

## **Explanatory notes Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is negative over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget and indicates that the repayment of loans exceed the envisaged new borrowing;
    - iii. Internally generated funds are financed from a combination of the current operating surplus and input VAT reclaimed on conditional grants. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The section on Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Budgeted Financial Performance (Revenue and Expenditure by standard classification)  
(Table A2)

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>Revenue - Standard</b>									
<i><b>Governance and administration</b></i>	<b>211,226</b>	<b>238,446</b>	<b>175,510</b>	<b>169,255</b>	<b>182,053</b>	<b>182,053</b>	<b>182,613</b>	<b>197,769</b>	<b>211,140</b>
Executive and council	5,414	4,700	5,501	198	1,259	1,259	218	113	113
Budget and treasury office	178,120	200,467	166,393	162,277	175,499	175,499	178,428	193,451	206,569
Corporate services	27,692	33,279	3,615	6,780	5,295	5,295	3,967	4,205	4,457
<i><b>Community and public safety</b></i>	<b>14,532</b>	<b>36,582</b>	<b>90,893</b>	<b>86,104</b>	<b>119,944</b>	<b>119,944</b>	<b>87,096</b>	<b>103,583</b>	<b>90,136</b>
Community and social services	6,184	6,473	6,379	7,090	7,736	7,736	8,165	7,814	8,153
Sport and recreation	271	87	75	65	44	44	69	73	77
Public safety	8,077	30,022	25,340	15,306	25,898	25,898	27,285	28,921	30,656
Housing	-	-	59,099	63,643	86,266	86,266	51,577	66,775	51,250
Health	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>	<b>7,257</b>	<b>7,690</b>	<b>8,148</b>	<b>8,876</b>	<b>12,119</b>	<b>12,119</b>	<b>8,604</b>	<b>8,984</b>	<b>9,298</b>
Planning and development	2,279	2,371	2,004	3,091	5,389	5,389	2,344	2,472	2,396
Road transport	4,978	5,318	6,144	5,785	6,730	6,730	6,260	6,511	6,902
Environmental protection	-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>	<b>145,263</b>	<b>155,939</b>	<b>167,844</b>	<b>201,969</b>	<b>190,994</b>	<b>190,994</b>	<b>203,124</b>	<b>218,298</b>	<b>233,312</b>
Electricity	63,310	67,275	70,607	79,520	80,789	80,789	84,107	89,703	95,607
Water	37,200	39,417	45,445	60,848	51,135	51,135	55,270	59,123	63,178
Waste water management	21,564	23,730	25,581	26,789	28,081	28,081	30,066	33,271	36,084
Waste management	23,190	25,517	26,211	34,812	30,989	30,989	33,681	36,202	38,444
<i><b>Other</b></i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Standard</b>	<b>378,278</b>	<b>438,657</b>	<b>442,395</b>	<b>466,204</b>	<b>505,110</b>	<b>505,110</b>	<b>481,437</b>	<b>528,635</b>	<b>543,887</b>
<b>Expenditure - Standard</b>									
<i><b>Governance and administration</b></i>	<b>183,499</b>	<b>161,744</b>	<b>110,895</b>	<b>138,169</b>	<b>147,957</b>	<b>147,957</b>	<b>142,966</b>	<b>152,804</b>	<b>162,448</b>
Executive and council	18,882	27,555	25,448	31,582	35,712	35,712	33,216	35,456	38,069
Budget and treasury office	31,232	64,715	33,628	37,987	39,378	39,378	41,415	45,481	47,337
Corporate services	133,384	69,474	51,818	68,600	72,867	72,867	68,335	71,867	77,042
<i><b>Community and public safety</b></i>	<b>25,999</b>	<b>47,720</b>	<b>77,957</b>	<b>100,964</b>	<b>131,101</b>	<b>131,101</b>	<b>105,414</b>	<b>122,666</b>	<b>113,961</b>
Community and social services	4,693	5,649	5,685	6,498	6,747	6,747	8,154	8,787	9,502
Sport and recreation	6,460	6,389	7,109	8,522	8,472	8,472	8,859	9,513	10,250
Public safety	11,362	31,777	31,451	25,632	36,068	36,068	38,213	40,655	43,339
Housing	3,485	3,905	33,712	60,312	79,814	79,814	50,188	63,712	50,870
Health	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>	<b>32,144</b>	<b>33,200</b>	<b>36,562</b>	<b>41,945</b>	<b>42,530</b>	<b>42,530</b>	<b>46,170</b>	<b>49,164</b>	<b>52,460</b>
Planning and development	7,955	7,542	7,856	10,506	11,321	11,321	11,582	12,504	13,354
Road transport	24,165	25,624	28,700	31,389	31,159	31,159	34,547	36,618	39,062
Environmental protection	24	33	6	50	50	50	40	42	44
<i><b>Trading services</b></i>	<b>122,107</b>	<b>138,058</b>	<b>143,778</b>	<b>168,254</b>	<b>167,362</b>	<b>167,362</b>	<b>176,108</b>	<b>190,117</b>	<b>204,542</b>
Electricity	48,429	52,878	53,310	67,121	66,368	66,368	71,625	77,483	83,840
Water	32,074	38,860	37,927	43,650	43,236	43,236	46,032	49,840	54,081
Waste water management	19,358	21,436	25,833	26,171	27,180	27,180	28,352	30,724	32,373
Waste management	22,246	24,884	26,708	31,313	30,577	30,577	30,099	32,069	34,249
<i><b>Other</b></i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>363,748</b>	<b>380,722</b>	<b>369,191</b>	<b>449,331</b>	<b>488,949</b>	<b>488,949</b>	<b>470,657</b>	<b>514,751</b>	<b>533,410</b>
<b>Surplus/(Deficit) for the year</b>	<b>14,530</b>	<b>57,935</b>	<b>73,204</b>	<b>16,873</b>	<b>16,161</b>	<b>16,161</b>	<b>10,780</b>	<b>13,884</b>	<b>10,476</b>

**Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is an illustration of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile standardised reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and treasury office.

### Budgeted Financial Performance (Revenue and Expenditure by municipal vote)(Table A3)

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	7,518	6,571	7,372	2,113	3,173	3,173	1,326	1,288	1,358
Vote 2 - Finance & Admin	126,397	149,131	136,696	136,675	150,024	150,024	153,476	165,974	178,915
Vote 3 - Planning & Development	2,279	2,371	2,004	3,091	5,389	5,389	2,344	2,472	2,396
Vote 4 - Community & Social Services	6,184	6,473	6,379	7,090	7,736	7,736	8,165	7,814	8,153
Vote 5 - Housing	-	-	59,099	63,643	86,266	86,266	51,577	66,775	51,250
Vote 6 - Public Safety	8,077	30,022	25,340	15,306	25,898	25,898	27,285	28,921	30,656
Vote 7 - Sport & Recreation	271	87	75	65	44	44	69	73	77
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	23,190	25,517	26,211	34,812	30,989	30,989	33,681	36,202	38,444
Vote 10 - Waste Water Management	21,564	23,730	25,581	26,789	28,081	28,081	30,066	33,271	36,084
Vote 11 - Roads Transport	4,978	5,318	6,144	5,785	6,730	6,730	6,260	6,511	6,902
Vote 12 - Water	37,200	39,417	45,445	60,848	51,135	51,135	55,270	59,123	63,178
Vote 13 - Electricity	63,310	67,275	70,607	79,520	80,789	80,789	84,107	89,703	95,607
Vote 14 - Other	77,311	82,743	31,442	30,467	28,856	28,856	27,811	30,507	30,866
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>378,278</b>	<b>438,657</b>	<b>442,395</b>	<b>466,204</b>	<b>505,110</b>	<b>505,110</b>	<b>481,437</b>	<b>528,635</b>	<b>543,887</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive & Council	45,942	55,370	56,323	65,154	68,482	68,482	66,937	70,616	76,112
Vote 2 - Finance & Admin	130,085	68,382	50,469	66,106	73,121	73,121	69,579	75,281	78,917
Vote 3 - Planning & Development	10,859	11,143	11,512	14,676	14,922	14,922	15,356	16,608	17,838
Vote 4 - Community & Social Services	4,693	5,649	5,685	6,498	6,747	6,747	8,154	8,787	9,502
Vote 5 - Housing	3,485	3,905	33,712	60,312	79,814	79,814	50,188	63,712	50,870
Vote 6 - Public Safety	11,362	31,777	31,451	25,632	36,068	36,068	38,213	40,655	43,339
Vote 7 - Sport & Recreation	6,460	6,389	7,109	8,522	8,472	8,472	8,859	9,513	10,250
Vote 8 - Environmental Protection	24	33	6	50	50	50	40	42	44
Vote 9 - Waste Management	22,246	24,884	26,708	31,313	30,577	30,577	30,099	32,069	34,249
Vote 10 - Waste Water Management	19,358	21,436	25,833	26,171	27,180	27,180	28,352	30,724	32,373
Vote 11 - Roads Transport	24,165	25,624	28,700	31,389	31,159	31,159	34,547	36,618	39,062
Vote 12 - Water	32,074	38,860	37,927	43,650	43,236	43,236	46,032	49,840	54,081
Vote 13 - Electricity	48,429	52,878	53,310	67,121	66,368	66,368	71,625	77,483	83,840
Vote 14 - Other	4,567	34,391	447	2,738	2,753	2,753	2,677	2,802	2,934
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>363,748</b>	<b>380,722</b>	<b>369,191</b>	<b>449,331</b>	<b>488,949</b>	<b>488,949</b>	<b>470,657</b>	<b>514,751</b>	<b>533,410</b>
<b>Surplus/(Deficit) for the year</b>	<b>14,530</b>	<b>57,935</b>	<b>73,204</b>	<b>16,873</b>	<b>16,161</b>	<b>16,161</b>	<b>10,780</b>	<b>13,884</b>	<b>10,476</b>

### Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 illustrates the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the GFS classification and not necessarily the organisational structure of the Municipality.

Function	Income R'000	Expenditure R'000	Admin Charges	Surplus/(deficit) R'000
<b>Water</b>	55 , 270	(46, 032)	(5, 417)	<b>3, 821</b>
<b>Electricity</b>	84, 107	(71, 625)	(5, 296)	<b>7, 186</b>
<b>Waste Water Management</b>	30, 066	(28, 352)	(3, 621)	<b>(1, 907)</b>
<b>Refuse Removal</b>	33, 681	(30, 099)	(3, 740)	<b>(158 )</b>

# Budgeted Financial Performance (Revenue and Expenditure) (Table A4)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>									
Property rates	47,607	58,314	68,769	75,213	75,213	75,213	83,766	89,801	96,238
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	60,369	64,594	67,096	77,958	78,727	78,727	80,952	86,295	92,028
Service charges - water revenue	34,904	37,087	43,967	53,252	47,840	47,840	47,219	50,427	54,048
Service charges - sanitation revenue	18,025	19,983	21,195	20,856	22,148	22,148	24,572	27,337	29,854
Service charges - refuse revenue	18,460	20,723	21,496	25,849	25,849	25,849	27,394	29,412	31,315
Service charges - other	-	145	206	358	2,001	2,001	369	392	415
Rental of facilities and equipment	1,409	1,936	1,467	1,764	1,726	1,726	1,623	1,721	1,824
Interest earned - external investments	2,407	2,904	5,134	2,606	4,500	4,500	5,000	5,300	5,618
Interest earned - outstanding debtors	7,617	9,267	6,473	6,804	6,804	6,804	7,212	7,645	8,104
Dividends received	-	-	-	-	-	-	-	-	-
Fines	7,984	29,835	25,247	15,257	25,743	25,743	27,045	28,667	30,387
Licences and permits	2,626	2,635	2,561	2,603	2,583	2,583	2,598	2,754	2,919
Agency services	1,957	2,189	2,435	2,478	2,478	2,478	2,814	2,983	3,162
Transfers recognised - operational	74,010	106,700	109,684	136,386	161,579	161,579	130,563	150,452	144,003
Other revenue	27,788	33,060	5,126	3,957	5,884	5,884	3,564	3,777	4,003
Gains on disposal of PPE	-	310	1,867	2,247	2,247	2,247	2,382	2,524	2,676
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>305,163</b>	<b>389,683</b>	<b>382,724</b>	<b>427,588</b>	<b>465,322</b>	<b>465,322</b>	<b>447,072</b>	<b>489,487</b>	<b>506,593</b>
<b>Expenditure By Type</b>									
Employee related costs	109,725	124,568	138,725	153,721	155,367	155,367	171,642	186,879	204,375
Remuneration of councillors	7,410	8,203	8,573	10,479	9,679	9,679	10,990	11,540	12,117
Debt impairment	22,703	47,240	36,926	31,745	42,502	42,502	43,654	45,836	48,128
Depreciation & asset impairment	98,311	32,816	12,609	27,081	32,763	32,763	27,263	28,483	29,758
Finance charges	12,780	12,478	13,237	13,496	13,496	13,496	12,762	13,563	13,392
Bulk purchases	45,334	50,043	54,670	62,253	61,253	61,253	69,414	76,300	83,896
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	15,273	17,749	18,525	24,583	23,553	23,553	23,320	25,436	25,108
Transfers and grants	783	912	1,351	1,000	1,500	1,500	1,500	1,575	1,654
Other expenditure	50,129	86,372	80,831	124,973	148,836	148,836	110,114	125,139	114,982
Loss on disposal of PPE	1,300	341	3,745	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>363,748</b>	<b>380,722</b>	<b>369,191</b>	<b>449,331</b>	<b>488,949</b>	<b>488,949</b>	<b>470,657</b>	<b>514,751</b>	<b>533,410</b>
<b>Surplus/(Deficit)</b>	<b>(58,586)</b>	<b>8,961</b>	<b>13,533</b>	<b>(21,744)</b>	<b>(23,627)</b>	<b>(23,627)</b>	<b>(23,585)</b>	<b>(25,264)</b>	<b>(26,817)</b>
Transfers recognised - capital	73,116	48,974	59,671	38,617	39,788	39,788	34,366	39,148	37,294
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>14,530</b>	<b>57,935</b>	<b>73,204</b>	<b>16,873</b>	<b>16,161</b>	<b>16,161</b>	<b>10,780</b>	<b>13,884</b>	<b>10,476</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>14,530</b>	<b>57,935</b>	<b>73,204</b>	<b>16,873</b>	<b>16,161</b>	<b>16,161</b>	<b>10,780</b>	<b>13,884</b>	<b>10,476</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>14,530</b>	<b>57,935</b>	<b>73,204</b>	<b>16,873</b>	<b>16,161</b>	<b>16,161</b>	<b>10,780</b>	<b>13,884</b>	<b>10,476</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>14,530</b>	<b>57,935</b>	<b>73,204</b>	<b>16,873</b>	<b>16,161</b>	<b>16,161</b>	<b>10,780</b>	<b>13,884</b>	<b>10,476</b>



**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure) excluding capital transfers and contributions.**

1. Total operating revenue is R481, 437 in 2016/17 and increases to R543, 887 million by 2018/19. This represents a decrease of 4.7 per cent for the 2016/17 and an increase of 9.8 per cent for the 2017/18 financial year and 2.9 per cent for the 2018/19 financial year.
2. Revenue to be generated from property rates is R83, 766 million in the 2016/17 financial year and increases to R89, 801 million by 2017/18 which represents 17 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totaling R180, 137 million for the 2016/17 financial year and increasing to R207, 245 million by 2018/19. For the 2016/17 financial year services charges amount to 37 per cent of the total revenue base.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
5. Bulk purchases have significantly increased over the 2012/13 to 2016/17 period, escalating from R45, 334 million to R69, 414 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Overberg Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality.

# Budgeted Capital Expenditure by vote, standard classification and funding (Table A5)

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - Executive & Council	1,752	-	-	-	-	-	-	-	-
Vote 2 - Finance & Admin	1,630	-	-	-	-	-	-	-	-
Vote 3 - Planning & Development	4,445	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Services	-	-	14	-	-	-	-	800	800
Vote 5 - Housing	33,113	-	29,555	8,900	11,682	11,682	7,213	9,338	7,167
Vote 6 - Public Safety	-	-	-	-	-	-	-	-	-
Vote 7 - Sport & Recreation	695	3,270	10,303	-	-	-	-	-	-
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	347	-	-	-	-	-	1,105	2,100	-
Vote 10 - Waste Water Management	21,097	8,238	-	-	-	-	5,184	4,000	8,625
Vote 11 - Roads Transport	8,296	-	-	-	-	-	1,526	16,520	15,439
Vote 12 - Water	9,059	5,688	-	-	-	-	219	250	-
Vote 13 - Electricity	7,889	-	2,342	-	-	-	-	-	-
Vote 14 - Other	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>88,323</b>	<b>17,195</b>	<b>42,214</b>	<b>8,900</b>	<b>11,682</b>	<b>11,682</b>	<b>15,248</b>	<b>33,008</b>	<b>32,031</b>
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - Executive & Council	-	4,099	1,964	4,008	7,752	7,752	2,130	-	-
Vote 2 - Finance & Admin	-	705	506	890	995	995	550	-	-
Vote 3 - Planning & Development	-	2,458	910	421	92	92	-	-	-
Vote 4 - Community & Social Services	-	354	167	236	1,300	1,300	826	-	-
Vote 5 - Housing	-	16,661	-	-	-	-	-	-	-
Vote 6 - Public Safety	-	-	204	258	258	258	160	-	-
Vote 7 - Sport & Recreation	-	40	166	797	4,639	4,639	-	-	-
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	-	-	-	3,000	3,000	3,000	2,281	-	-
Vote 10 - Waste Water Management	-	10,368	16,039	22,500	21,767	21,767	13,495	-	-
Vote 11 - Roads Transport	-	5,192	3,303	3,800	3,929	3,929	-	-	-
Vote 12 - Water	-	2,428	2,526	4,526	10,652	10,652	4,145	-	-
Vote 13 - Electricity	-	3,445	5,128	11,637	13,724	13,724	11,743	6,140	5,263
Vote 14 - Other	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>45,751</b>	<b>30,913</b>	<b>52,073</b>	<b>68,109</b>	<b>68,109</b>	<b>35,331</b>	<b>6,140</b>	<b>5,263</b>
<b>Total Capital Expenditure - Vote</b>	<b>88,323</b>	<b>62,947</b>	<b>73,127</b>	<b>60,973</b>	<b>79,791</b>	<b>79,791</b>	<b>50,579</b>	<b>39,148</b>	<b>37,294</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>									
Executive and council	901	1,645	1,762	1,597	1,447	1,447	1,798	-	-
Budget and treasury office	1,630	4	29	38	38	38	40	-	-
Corporate services	851	3,298	1,432	3,284	7,355	7,355	843	-	-
<b>Community and public safety</b>	<b>33,808</b>	<b>20,325</b>	<b>40,409</b>	<b>10,190</b>	<b>17,878</b>	<b>17,878</b>	<b>8,199</b>	<b>10,138</b>	<b>7,967</b>
Community and social services	-	354	181	236	1,300	1,300	826	800	800
Sport and recreation	695	3,309	10,469	797	4,639	4,639	-	-	-
Public safety	-	-	204	258	258	258	160	-	-
Housing	33,113	16,661	29,555	8,900	11,682	11,682	7,213	9,338	7,167
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>12,741</b>	<b>7,507</b>	<b>3,461</b>	<b>4,200</b>	<b>3,929</b>	<b>3,929</b>	<b>1,526</b>	<b>16,520</b>	<b>15,439</b>
Planning and development	4,445	2,316	158	400	-	-	-	-	-
Road transport	8,296	5,192	3,303	3,800	3,929	3,929	1,526	16,520	15,439
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>38,392</b>	<b>30,168</b>	<b>26,035</b>	<b>41,664</b>	<b>49,143</b>	<b>49,143</b>	<b>38,173</b>	<b>12,490</b>	<b>13,888</b>
Electricity	7,889	3,445	7,470	11,637	13,724	13,724	11,743	6,140	5,263
Water	9,059	8,116	2,526	4,526	10,652	10,652	4,364	250	-
Waste water management	21,097	18,607	16,039	22,500	21,767	21,767	18,680	4,000	8,625
Waste management	347	-	-	3,000	3,000	3,000	3,386	2,100	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>88,323</b>	<b>62,947</b>	<b>73,127</b>	<b>60,973</b>	<b>79,791</b>	<b>79,791</b>	<b>50,579</b>	<b>39,148</b>	<b>37,294</b>
<b>Funded by:</b>									
National Government	35,335	27,434	29,598	29,717	29,052	29,052	27,153	29,810	30,127
Provincial Government	33,038	19,307	30,240	8,900	12,492	12,492	7,213	9,338	7,167
District Municipality	-	62	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>68,373</b>	<b>46,802</b>	<b>59,838</b>	<b>38,617</b>	<b>41,544</b>	<b>41,544</b>	<b>34,366</b>	<b>39,148</b>	<b>37,294</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>5,455</b>	<b>8,509</b>	<b>6,687</b>	<b>11,550</b>	<b>12,313</b>	<b>12,313</b>	<b>7,909</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>14,495</b>	<b>7,635</b>	<b>6,602</b>	<b>10,806</b>	<b>25,934</b>	<b>25,934</b>	<b>8,304</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	<b>88,323</b>	<b>62,947</b>	<b>73,127</b>	<b>60,973</b>	<b>79,791</b>	<b>79,791</b>	<b>50,579</b>	<b>39,148</b>	<b>37,294</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital budget of 2016/17 makes provision for an amount of R50, 579 million. This allocation decrease to R39, 148 million in 2017/18 and R37, 294 million in 2018/19.
3. The capital programme is funded from National and Provincial grants, which includes Municipal Infrastructure Grant, National Electrification Grant and Housing, borrowing and internally generated funds from current year surpluses. For 2016/17, capital transfers (excluding VAT) totals R34, 366 million (68 per cent) and increase to R37, 294 million by 2018/19. Borrowing has been provided at R7, 909 million for the 2016/17 financial year. Internally generated funding totaling R8, 304 million for 2016/2017. These funding sources are further discussed in detail in section 12 (Overview of Budget Funding).

Budgeted Financial Position (Table A6)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	6,805	11,251	17,754	2,414	928	928	5,859	9,290	1,316
Call investment deposits	20,740	26,777	50,709	20,000	50,000	50,000	30,000	30,000	40,000
Consumer debtors	27,099	27,001	35,441	33,232	14,410	14,410	17,904	21,199	24,271
Other debtors	7,761	8,023	2,885	3,000	3,000	3,000	3,000	3,000	3,000
Current portion of long-term receivables	5	5	7	5	7	7	7	-	-
Inventory	1,922	4,007	4,848	2,200	2,200	2,200	2,200	2,200	2,200
<b>Total current assets</b>	<b>64,331</b>	<b>77,064</b>	<b>111,643</b>	<b>60,852</b>	<b>70,545</b>	<b>70,545</b>	<b>58,970</b>	<b>65,688</b>	<b>70,786</b>
<b>Non current assets</b>									
Long-term receivables	24	24	-	18	(7)	(7)	-	-	-
Investments	-	190	9,832	-	-	-	9,832	9,832	9,832
Investment property	145,292	165,793	159,064	139,493	151,800	151,800	143,887	135,619	126,981
Investment in Associate	-	-	-	-	-	-	-	-	-
Property, plant and equipment	556,708	643,075	738,788	752,341	822,927	822,927	854,423	873,633	890,097
Agricultural	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-
Intangible	1,893	1,573	1,268	934	948	948	682	404	114
Other non-current assets	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>	<b>703,917</b>	<b>810,655</b>	<b>908,952</b>	<b>892,787</b>	<b>975,669</b>	<b>975,669</b>	<b>1,008,824</b>	<b>1,019,489</b>	<b>1,027,025</b>
<b>TOTAL ASSETS</b>	<b>768,249</b>	<b>887,719</b>	<b>1,020,595</b>	<b>953,639</b>	<b>1,046,213</b>	<b>1,046,213</b>	<b>1,067,794</b>	<b>1,085,178</b>	<b>1,097,811</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft	-	-	-	-	-	-	-	-	-
Borrowing	6,979	6,974	7,626	8,338	7,626	7,626	8,548	9,304	8,235
Consumer deposits	3,306	3,660	3,893	4,112	4,127	4,127	4,374	4,637	4,915
Trade and other payables	46,831	42,579	64,525	38,979	38,641	38,641	40,232	42,670	43,773
Provisions	12,700	13,898	15,601	15,010	16,849	16,849	16,849	16,849	16,849
<b>Total current liabilities</b>	<b>69,816</b>	<b>67,111</b>	<b>91,644</b>	<b>66,438</b>	<b>67,243</b>	<b>67,243</b>	<b>70,003</b>	<b>73,460</b>	<b>73,772</b>
<b>Non current liabilities</b>									
Borrowing	105,788	110,091	102,924	117,307	119,947	119,947	119,309	110,005	101,770
Provisions	59,746	68,698	107,287	77,663	111,254	111,254	119,933	129,280	139,360
<b>Total non current liabilities</b>	<b>165,534</b>	<b>178,789</b>	<b>210,212</b>	<b>194,970</b>	<b>231,201</b>	<b>231,201</b>	<b>239,242</b>	<b>239,284</b>	<b>241,130</b>
<b>TOTAL LIABILITIES</b>	<b>235,350</b>	<b>245,900</b>	<b>301,856</b>	<b>261,408</b>	<b>298,444</b>	<b>298,444</b>	<b>309,245</b>	<b>312,744</b>	<b>314,902</b>
<b>NET ASSETS</b>	<b>532,899</b>	<b>641,819</b>	<b>718,739</b>	<b>692,231</b>	<b>747,769</b>	<b>747,769</b>	<b>758,549</b>	<b>772,433</b>	<b>782,910</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	491,253	553,989	617,971	607,389	675,820	675,820	686,600	700,484	710,960
Reserves	41,647	87,830	100,768	84,841	71,949	71,949	71,949	71,949	71,949
	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>532,899</b>	<b>641,819</b>	<b>718,739</b>	<b>692,231</b>	<b>747,769</b>	<b>747,769</b>	<b>758,549</b>	<b>772,433</b>	<b>782,910</b>

## **Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with the standards of Generally Recognized Accounting Practice (GRAP), as with the financial Statements, and improves understandability of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily convertible into cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 79) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

## Budgeted Cash Flows (Table A7)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates, penalties & collection charges	47,607	58,314	64,247	63,358	75,213	75,213	68,821	74,228	80,009
Service charges	131,967	142,532	129,884	150,173	176,565	176,565	148,303	160,305	172,688
Other revenue	(15,014)	(1,545)	22,117	26,058	21,777	21,777	37,643	39,901	42,295
Government - operating	63,624	67,750	74,026	136,386	150,235	150,235	130,563	150,452	144,003
Government - capital	77,511	79,159	109,995	38,617	39,788	39,788	34,366	39,148	37,294
Interest	10,024	12,171	11,607	8,338	11,304	11,304	12,212	12,945	13,722
Dividends	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Suppliers and employees	(209,598)	(277,343)	(284,008)	(368,260)	(416,709)	(416,709)	(376,510)	(414,873)	(430,728)
Finance charges	(12,780)	(12,742)	(11,877)	(12,196)	(12,196)	(12,196)	(11,462)	(12,198)	(11,959)
Transfers and Grants	(783)	(912)	(1,351)	(1,000)	(1,500)	(1,500)	(1,500)	(1,575)	(1,654)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>92,559</b>	<b>67,384</b>	<b>114,641</b>	<b>41,472</b>	<b>44,478</b>	<b>44,478</b>	<b>42,436</b>	<b>48,333</b>	<b>45,670</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	8,398	1,584	5,755	2,247	-	-	2,382	2,524	2,676
Decrease (increase) in non-current debtors	-	-	-	-	-	-	(7)	-	-
Decrease (increase) other non-current receivables	13	-	(453)	-	7	7	-	7	-
Decrease (increase) in non-current investments	-	(190)	(9,642)	-	9,832	9,832	(9,832)	-	-
<b>Payments</b>									
Capital assets	(88,401)	(62,947)	(73,127)	(60,973)	(79,791)	(79,791)	(50,579)	(39,148)	(37,294)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(79,990)</b>	<b>(61,553)</b>	<b>(77,467)</b>	<b>(58,726)</b>	<b>(69,952)</b>	<b>(69,952)</b>	<b>(58,036)</b>	<b>(36,617)</b>	<b>(34,618)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	23	11,275	-	11,550	15,331	15,331	7,909	-	-
Increase (decrease) in consumer deposits	61	354	233	233	234	234	248	262	278
<b>Payments</b>									
Repayment of borrowing	(6,521)	(6,978)	(6,973)	(6,974)	(7,626)	(7,626)	(7,626)	(8,548)	(9,304)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(6,437)</b>	<b>4,651</b>	<b>(6,740)</b>	<b>4,809</b>	<b>7,939</b>	<b>7,939</b>	<b>531</b>	<b>(8,285)</b>	<b>(9,026)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>6,131</b>	<b>10,483</b>	<b>30,435</b>	<b>(12,445)</b>	<b>(17,535)</b>	<b>(17,535)</b>	<b>(15,069)</b>	<b>3,431</b>	<b>2,026</b>
Cash/cash equivalents at the year begin:	21,414	27,545	38,028	34,859	68,463	68,463	50,928	35,859	39,290
Cash/cash equivalents at the year end:	27,545	38,028	68,463	22,414	50,928	50,928	35,859	39,290	41,316

## Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Cash and cash equivalents totals R50, 928 million (adjustment budget) as at the end of the 2015/16 financial year and increase to R101, 316 million by the end of 2018/19.

## Cash Backed reserves/accumulated surplus reconciliation (Table A8)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	27,545	38,028	68,463	22,414	50,928	50,928	35,859	39,290	41,316
Other current investments > 90 days	(0)	–	0	–	–	–	–	–	–
Non current assets - Investments	–	190	9,832	–	–	–	9,832	9,832	9,832
<b>Cash and investments available:</b>	<b>27,545</b>	<b>38,218</b>	<b>78,295</b>	<b>22,414</b>	<b>50,928</b>	<b>50,928</b>	<b>45,691</b>	<b>49,122</b>	<b>51,148</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	5,529	1,710	11,462	–	–	–	–	–	–
Unspent borrowing	–	–	–	–	–	–	–	–	–
Statutory requirements	1,637	1,355	2,705	1,355	2,705	2,705	2,705	2,705	2,705
Other working capital requirements	14,569	14,546	19,205	7,292	19,907	19,907	20,299	19,914	18,362
Other provisions	–	–	–	–	–	–	–	–	–
Long term investments committed	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	555	6,555	15,777	3,566	3,786	3,786	3,786	3,786	3,786
<b>Total Application of cash and investments:</b>	<b>22,290</b>	<b>24,167</b>	<b>49,148</b>	<b>12,213</b>	<b>26,399</b>	<b>26,399</b>	<b>26,790</b>	<b>26,405</b>	<b>24,853</b>
<b>Surplus(shortfall)</b>	<b>5,255</b>	<b>14,051</b>	<b>29,146</b>	<b>10,201</b>	<b>24,529</b>	<b>24,529</b>	<b>18,901</b>	<b>22,717</b>	<b>26,294</b>

## Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2012/13 to 2015/16 the situation improve from R5, 255 million surplus to R24, 529 million surplus. However the forecasted surplus for 2016/17 shows the surplus decreasing to R22, 477 thousand.

Asset Management (Table A9)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	<b>45,101</b>	<b>45,693</b>	<b>47,041</b>	<b>38,853</b>	<b>53,076</b>	<b>53,076</b>	<b>32,469</b>	<b>39,148</b>	<b>37,294</b>
Infrastructure - Road transport	—	—	—	3,800	983	983	1,526	16,520	15,439
Infrastructure - Electricity	3,672	2,196	3,764	8,830	10,657	10,657	7,904	6,140	5,263
Infrastructure - Water	297	7,077	—	4,026	6,568	6,568	4,364	250	—
Infrastructure - Sanitation	196	9,962	—	6,500	9,163	9,163	6,510	4,000	8,625
Infrastructure - Other	33,113	16,967	29,555	8,900	11,682	11,682	8,318	11,438	7,167
Infrastructure	37,278	36,202	33,320	32,057	39,053	39,053	28,622	38,348	36,494
Community	3,258	5,625	10,475	797	4,219	4,219	—	800	800
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	1,187	—	—	—	—	—	—	—	—
Other assets	3,378	3,866	3,247	6,000	9,804	9,804	3,846	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
<b>Total Renewal of Existing Assets</b>	<b>43,221</b>	<b>17,254</b>	<b>26,086</b>	<b>22,120</b>	<b>26,714</b>	<b>26,714</b>	<b>18,110</b>	<b>—</b>	<b>—</b>
Infrastructure - Road transport	8,296	5,192	3,303	—	2,946	2,946	—	—	—
Infrastructure - Electricity	4,221	1,843	3,522	2,620	2,881	2,881	3,660	—	—
Infrastructure - Water	8,762	1,039	2,526	500	4,083	4,083	—	—	—
Infrastructure - Sanitation	20,901	8,644	16,039	16,000	12,604	12,604	12,169	—	—
Infrastructure - Other	347	—	—	3,000	3,000	3,000	2,281	—	—
Infrastructure	42,527	16,718	25,390	22,120	25,514	25,514	18,110	—	—
Community	695	—	—	—	1,200	1,200	—	—	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	—	536	696	—	—	—	—	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
<b>Total Capital Expenditure</b>	<b>88,323</b>	<b>62,947</b>	<b>73,127</b>	<b>60,973</b>	<b>79,791</b>	<b>79,791</b>	<b>50,579</b>	<b>39,148</b>	<b>37,294</b>
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>88,323</b>	<b>62,947</b>	<b>73,127</b>	<b>60,973</b>	<b>79,791</b>	<b>79,791</b>	<b>50,579</b>	<b>39,148</b>	<b>37,294</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport	79,489	82,187	84,106	84,459	84,330	84,330	83,312	97,173	109,835
Infrastructure - Electricity	37,483	40,437	46,532	57,123	69,218	69,218	79,581	84,467	88,420
Infrastructure - Water	104,701	110,349	110,298	115,025	123,063	123,063	125,251	123,228	120,853
Infrastructure - Sanitation	99,130	116,637	129,250	151,071	169,845	169,845	186,035	187,433	193,340
Infrastructure - Other	69,871	86,382	147,868	127,216	141,795	141,795	151,476	161,955	168,120
Infrastructure	390,674	435,992	518,053	534,893	588,250	588,250	625,654	654,256	680,568
Community	1,016	958	901	13,554	18,713	18,713	18,496	19,070	19,634
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	145,292	165,793	159,064	139,493	151,800	151,800	143,887	135,619	126,981
Other assets	165,018	206,124	219,834	203,894	204,482	204,482	210,272	200,307	189,896
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	1,893	1,573	1,268	934	948	948	682	404	114
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>703,893</b>	<b>810,441</b>	<b>899,119</b>	<b>892,768</b>	<b>964,194</b>	<b>964,194</b>	<b>998,992</b>	<b>1,009,657</b>	<b>1,017,193</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation &amp; asset impairment</b>	<b>98,311</b>	<b>32,816</b>	<b>12,609</b>	<b>27,081</b>	<b>32,763</b>	<b>32,763</b>	<b>27,263</b>	<b>28,483</b>	<b>29,758</b>
<b>Repairs and Maintenance by Asset Class</b>	<b>17,849</b>	<b>18,412</b>	<b>22,368</b>	<b>26,413</b>	<b>25,912</b>	<b>25,912</b>	<b>26,557</b>	<b>27,732</b>	<b>29,118</b>
Infrastructure - Road transport	3,731	3,714	5,946	5,323	5,288	5,288	5,409	5,526	5,802
Infrastructure - Electricity	907	167	976	2,680	1,371	1,371	1,538	1,615	1,696
Infrastructure - Water	1,659	1,490	1,928	1,716	1,716	1,716	1,685	1,769	1,857
Infrastructure - Sanitation	1,617	1,514	2,198	2,138	2,324	2,324	2,375	2,494	2,618
Infrastructure - Other	82	119	105	147	147	147	159	167	175
Infrastructure	7,996	7,003	11,152	12,003	10,845	10,845	11,166	11,571	12,149
Community	764	737	1,006	1,100	1,100	1,100	950	998	1,047
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	9,089	10,672	10,210	13,310	13,967	13,967	14,441	15,163	15,922
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>116,160</b>	<b>51,228</b>	<b>34,977</b>	<b>53,493</b>	<b>58,675</b>	<b>58,675</b>	<b>53,820</b>	<b>56,214</b>	<b>58,876</b>
<b>Renewal of Existing Assets as % of total capex</b>	<b>48.9%</b>	<b>27.4%</b>	<b>35.7%</b>	<b>36.3%</b>	<b>33.5%</b>	<b>33.5%</b>	<b>35.8%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Renewal of Existing Assets as % of deprecn"</b>	<b>44.0%</b>	<b>52.6%</b>	<b>206.9%</b>	<b>81.7%</b>	<b>81.5%</b>	<b>81.5%</b>	<b>66.4%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>R&amp;M as a % of PPE</b>	<b>3.2%</b>	<b>2.9%</b>	<b>3.0%</b>	<b>3.5%</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.3%</b>
<b>Renewal and R&amp;M as a % of PPE</b>	<b>9.0%</b>	<b>4.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>3.0%</b>	<b>3.0%</b>



## **Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. This requirement was not met in 2015/16 (33.5% was allocated for the renewal of existing assets), the 2015/16 draft capital budget allocation for renewal of existing assets amounts to 36% which is marginally below the National treasury requirement. This is attributable to the fact that the governments grants has significantly reduced, narrow rates base, tariff increases for 2016/17 already above prescribed norm from National Treasury and the municipality's decision to keep loans to a minimum. The recommendation on repairs and maintenance is not met as the repairs and maintenance spend as a percentage of written down value of assets is 3.1%. The reasons for the non-compliance to this National Treasury guideline are due to the fact that the tariffs are already high. Repairs and maintenance expenditure will also be gradually increased in order to achieve the guideline levels of 8% but also to align the spending with the municipality's maintenance plans and with due regard to affordability and other priorities.

# Basic Service Delivery measurement (Table A10)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	25	27	28	29	29	29	31	31	31
Piped water inside yard (but not in dwelling)	—	—	—	—	—	—	—	—	—
Using public tap (at least min.service level)	4	4	4	4	4	4	5	5	5
Other water supply (at least min.service level)	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>	29	31	32	33	33	33	36	36	36
Using public tap (< min.service level)	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	—	—	—	—	—	—	—	—	—
No water supply	—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	—	—	—	—	—	—	—	—	—
<b>Total number of households</b>	<b>29</b>	<b>31</b>	<b>32</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>36</b>	<b>36</b>	<b>36</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	26	27	28	28	28	28	29	29	29
Flush toilet (with septic tank)	1	1	1	1	1	1	1	1	1
Chemical toilet	—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)	1	1	1	—	—	—	—	—	—
Other toilet provisions (> min.service level)	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>	28	29	30	29	29	29	30	30	30
Bucket toilet	—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)	—	—	—	—	—	—	—	—	—
No toilet provisions	—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	—	—	—	—	—	—	—	—	—
<b>Total number of households</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>Energy:</b>									
Electricity (at least min.service level)	2,159	1,174	188	188	188	188	170	170	170
Electricity - prepaid (min.service level)	3,101	4,864	7,122	6,383	6,383	6,383	6,901	7,150	7,150
<i>Minimum Service Level and Above sub-total</i>	5,260	6,038	7,310	6,571	6,571	6,571	7,071	7,320	7,320
Electricity (< min.service level)	—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)	—	—	—	—	—	—	—	—	—
Other energy sources	—	—	1,084	1,084	1,084	1,084	820	730	730
<i>Below Minimum Service Level sub-total</i>	—	—	1,084	1,084	1,084	1,084	820	730	730
<b>Total number of households</b>	<b>5,260</b>	<b>6,038</b>	<b>8,394</b>	<b>7,655</b>	<b>7,655</b>	<b>7,655</b>	<b>7,891</b>	<b>8,050</b>	<b>8,050</b>
<b>Refuse:</b>									
Removed at least once a week	31	31	32	32	32	32	33	33	33
<i>Minimum Service Level and Above sub-total</i>	31	31	32	32	32	32	33	33	33
Removed less frequently than once a week	—	—	—	—	—	—	—	—	—
Using communal refuse dump	—	—	—	—	—	—	—	—	—
Using own refuse dump	—	—	—	—	—	—	—	—	—
Other rubbish disposal	—	—	—	—	—	—	—	—	—
No rubbish disposal	—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>	—	—	—	—	—	—	—	—	—
<b>Total number of households</b>	<b>31</b>	<b>31</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>33</b>	<b>33</b>	<b>33</b>
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	5,636	5,466	3,626	6,000	6,000	6,000	6,000	6,000	6,000
Sanitation (free minimum level service)	5,483	3,173	3,478	4,000	4,000	4,000	4,000	4,000	4,000
Electricity/other energy (50kwh per household per month)	1,032	5,327	1,780	1,780	1,780	1,780	3,000	3,000	3,000
Refuse (removed at least once a week)	5,638	5,464	3,578	6,000	4,000	4,000	4,000	4,000	4,000
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Water (6 kilolitres per indigent household per month)	2,295	2,331	1,474	7,594	3,294	3,294	8,050	8,050	8,694
Sanitation (free sanitation service to indigent households)	3,538	3,746	4,386	5,933	5,933	5,933	5,494	5,494	5,934
Electricity/other energy (50kwh per indigent household per month)	1,376	1,857	2,071	1,562	562	562	3,156	3,156	3,408
Refuse (removed once a week for indigent households)	4,730	4,794	4,716	8,963	5,140	5,140	6,287	6,287	6,790
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>									
<b>Total cost of FBS provided</b>	<b>11,940</b>	<b>12,728</b>	<b>12,647</b>	<b>24,052</b>	<b>14,929</b>	<b>14,929</b>	<b>22,986</b>	<b>22,986</b>	<b>24,825</b>
<b>Highest level of free service provided per household</b>									
Property rates (R value threshold)	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)	87	97	112	103	103	103	—	—	—
Electricity (kwh per household per month)	70	70	70	70	70	70	70	70	70
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
<b>Revenue cost of subsidised services provided (R'000)</b>									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	—	—	—	—	—	—	—	—	—
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	2,073	843	1,419	—	1,500	1,500	—	902	947
Water (in excess of 6 kilolitres per indigent household per month)	—	—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)	—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)	—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)	—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates	—	—	—	—	—	—	—	—	—
Housing - top structure subsidies	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
<b>Total revenue cost of subsidised services provided</b>	<b>2,073</b>	<b>843</b>	<b>1,419</b>	<b>—</b>	<b>1,500</b>	<b>1,500</b>	<b>—</b>	<b>902</b>	<b>947</b>

## **Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
  - a. Water services
  - b. Sanitation services
  - c. Electricity services
  - d. Refuse services
3. The Threshold to receive FBE in Theewaterskloof is two times the state old age pension. This threshold was decided on after taking into account the socio-economic and other conditions presently prevalent in the Theewaterskloof Municipal area. The methodology behind this threshold is viewed to be one that is practical, fair, equitable, and justifiable and it does not alienate any group of households. The old age pension is viewed as a relatively accurate measurement of poverty and affordability of municipal services. Decreasing the threshold will in any event result in an escalation of bad debt.
4. The budget provides for +/-5 400 households to be registered as indigent in 2016/17, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities and housing.
5. It is anticipated that these Free Basic Services will cost the municipality R22, 986 million in 2016/17, increasing to R24, 825 million in 2018/19. This is covered by the municipality's equitable share allocation from national government.
6. This need to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 6 per cent of total operating revenue.

## **6. Overview of Annual Budget Process**

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### **1. Political oversight of the budget process**

Section 53 (1) of the MFMA stipulates that the mayor of a municipality must provide general political guidance over the budget process and the priorities that guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations, gazetted on 17 April 2009, states that the Mayor of a municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Executive Mayor (chairperson), councillors and the Municipal Manager and senior officials of the Municipality advising the committee members.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation
- That there is proper alignment between the policy and service delivery priorities set out in the Theewaterskloof Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of the municipality
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget guidelines were developed by the Budget and Treasury Office and submitted and approved by the Budget Steering Committee. Various Budget Steering Committee meetings were held where the draft budget was discussed. These meetings were held as follows:

- 16 September 2015
- 19 January 2016 and
- 27 January 2016

Section 21(1) of the MFMA states that the Mayor of a municipality must co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible.

Furthermore, this section also states that the Mayor must at least 10 months before the start of the budget year, table in municipal council, a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget.

### **2. Schedule of Key Deadlines relating to budget process [MFMA s21 (1) (b)]**

The IDP and Budget time schedule of the 2016/2017 budget cycle was approved by Council in 30 July 2015, ten months before the start of the budget year in compliance with legislative directives.

### **3. Process used to integrate the review of the IDP and preparation of the Budget**

Updating the IDP and Budget is an evolving and re-iterative process over a 10 month period. The initial parallel process commenced with the consultative process of the IDP in 2014 and the update of the MTREF to determine the affordability and sustainability framework at the same time. A review of the approved 2015/2016 IDP was undertaken in 2015.

#### **4. Process for consultation with each group of stakeholders and outcomes**

Following the tabling of the draft budget in March 2015, local input will be solicited via notices published in all newspapers and notices at all town offices as well as the website. Comments on the IDP and Budget will be made by the public via verbal presentations, facsimiles, emails and in the form of correspondence to the municipality and will be considered for incorporation as part of the final budget approval process.

#### **5. Stakeholders involved in consultations**

The tabled budget will be provided to National Treasury and Provincial Treasury in April 2016 for their consideration in line with S23 of the MFMA.

#### **6. Process and media used to provide information on the Budget to the community**

The Municipality's consultation process on its draft IDP and budget will be held during April 2016, where various community organisations and representatives may/will come forward to give input. Community representatives and organisations had to review the priorities given previously to ascertain whether it has been captured as priorities during the 2015/16 IDP process.

#### **7. Methods employed to make the Budget document available (including websites)**

In compliance with the Municipal Finance Management Act and the Municipal Systems Act with regards to the advertising of Budget Documents (including the Tariffs, Fees and Charges for 2016/17), advertisements will be placed in The Local newspapers. The information relating to resolutions and budget documentation will be displayed on the notice boards in the municipal offices as well as libraries.

In compliance with S 22 of the MFMA, the Budget documentation will be published on the municipality's website following the tabling thereof at Council in March 2016 and the approval thereof in May 2016.

### **IDP and Service Delivery and Budget Implementation Plan**

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Strategic Plan included the following key IDP goals:

- Financial Sustainability
- Good Governance and Clean Audit
- Institutional Capacity Development
- Basic Service Delivery and Infrastructure
- Local Economic Development and Social Upliftment
- Sustainable Housing Programme
- Environmental Sustainability

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

## 7. Overview of Alignment of Annual Budget with IDP

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An IDP should be utilised as a method to plan for future developments in the areas and to find the best solutions to achieve long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. It is important that the IDP developed by municipalities correlate with National and Provincial intent.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies

It is considered that a well-run budget process that incorporates the IDP will facilitate community input, encourage discussion, promote a better understanding of community needs, provide an opportunity for feedback, and improve accountability, transparency, and responsiveness to the needs of the local communities.

### **Vision of Theewaterskloof Municipality**

*To ensure and preserve the heritage and natural resources within the region, create and develop a safe, healthy, crime free, economically stable and viable environment for all.*

### **Mission of Theewaterskloof Municipality**

*“To provide, develop and promote equal opportunities for everyone to stay in a safe, healthy, crime free, economically stable and viable environment through transparent and effective governance, politically stable, planning, services and the efficient and effective utilisation of resources”*

### **STRATEGIC FOCUS AREAS (SFA)**

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. The municipality opted to focus on five strategic areas which would result **in it overcoming its challenges and achieving its vision.**

## SFA 1: FINANCIAL VIABILITY

<b>Strategic Goal</b>	Improved Financial Sustainability of the Municipality	
<b>Municipal Strategic Focus areas</b>	Financial Viability	
<b>Strategic Objective</b>	SO1: Improved Sustainable Financial Management of the Theewaterskloof Municipality and Execute Legislative requirements	
<b>Challenges</b>	<p>Low income base (high unrecoverable debt)</p> <p>Reliant on grants (due to high unemployment rate and large indigent population)</p> <p>Global Economic recession This has resulted in an increase in unemployment, greater dependence on grants and subsidies and escalating prices of commodities)</p> <p>The cost of compliance with increased legislation, regulations and accounting standards is not only costing more without any significant tangible benefits to the communities, it is also time-consuming and counter-productive.</p>	
<b>Outcome / Impact</b>	Financial Sustainability and improved audit opinion	
<b>Strategic Risks</b>		
<b>Municipal Directorate</b>	Financial Services	
<b>Departmental Objectives</b>	<p>Work towards obtaining a clean audit</p> <p>Vigorous driving and management of projects of the financial sustainability steering committee</p> <p>Review Tariff structure</p> <p>Improved functioning and results of the Revenue Section/improve the collection rate</p> <p>Improved Financial Management</p>	
<b>Municipal Directorate</b>	Corporate Services	
<b>Departmental Objectives</b>	Improved Financial Management	
<b>Alignment with National and Provincial Strategies</b>		
<b>Sphere</b>	Description	
<b>National KPA</b>	Municipal Financial Viability and Management	
<b>National Outcome</b>	A responsive and accountable, effective and efficient local government system	
<b>National Development Plan (2030)</b>	Developing a capable and Development State	
<b>Provincial Strategic Objective</b>	Mainstreaming sustainability and optimising resource-use efficiency	
<b>District Strategic Objective</b>	To attain and maintain financial viability and sustainability by executing accounting services in accordance with National Policy and guidance	
<b>Main Functions and Sector Plans associated with this SO</b>		
<b>Municipal Functions</b>	Other spheres	Specific Plans
<b>Good systems, compliance, revenue optimisation, financial sustainability planning</b>	National Treasury and Provincial Treasury; ensuring clean audit	Budgets and 3 yr. plans; SDBIP

## SFA 2: GOOD GOVERNANCE

<b>Strategic Goal</b>	Good Governance and Clean Audit
<b>Municipal Strategic Focus areas</b>	Good Governance
<b>Strategic Objective</b>	SO 2: Good Governance and Improve the auditing status of the Municipality
<b>Challenges</b>	The cost of compliance with increased legislation, regulations and accounting standards is not only costing more without any significant tangible benefits to the communities, it is also time-consuming and counter-productive.
<b>Outcome / Impact</b>	Clean audit Improved relationships Improved communication Improved community engagements
<b>Strategic Risks</b>	
<b>Municipal Directorate</b>	Corporate Services
<b>Departmental Objectives</b>	Improve the functioning of the ward committee system
<b>Municipal Directorate</b>	Office of the MM
<b>Departmental Objectives</b>	Work towards obtaining a clean audit Improved relationships Improved Communication and community involvement

### Alignment with National and Provincial Strategies

<b>Sphere</b>	Description
<b>National KPA</b>	Good Governance and Public Participation
<b>National Outcome</b>	A responsive and accountable, effective and efficient local government system
<b>National Development Plan (2030)</b>	Developing a capable and Development State
<b>Provincial Strategic Objective</b>	Not applicable
<b>District Strategic Objective</b>	To ensure Good Governance practice by providing a democratic and proactive accountable government and ensuring community participation through existing IDP structures

### Main Functions and Sector Plans associated with this SO

<b>Municipal Functions</b>	Other spheres	Specific Plans
<b>Council, public and stakeholder participation, ward Committees, policies, bylaws</b>	legislative framework and support	



### SFA 3: INSTITUTIONAL DEVELOPMENT

<b>Strategic Goal</b>	Optimisation of Capacity	
<b>Municipal Strategic Focus areas</b>	Institutional Development	
<b>Strategic Objective</b>	SO 3: Refine and improve the institutional capacity of the municipality	
<b>Challenges</b>	Lack of succession planning Trained workforce (water, sanitation, road works etc) Inadequate systems and SOP's Lack/shortage of Man power Lack of office space Shortage of Fleet (Traffic, refuse removal etc.) Poor payment rate	
<b>Outcome / Impact</b>	Improved safety in working environment Clean audit Improved processes and productivity Improved IT systems Improved municipal capacity Improved legal compliance Improved processes and productivity	
<b>Strategic Risks</b>		
<b>Municipal Directorate</b>	Corporate Services	
<b>Departmental Objectives</b>	Launch a productivity improvement plan based on the outcome of a productivity assessment Improved IT service and infrastructure Implement outcome based training strategies and programmes Continuous review of policies and delegations and by-laws Conduct a productivity assessment	
<b>Municipal Directorate</b>	Office of the MM	
<b>Departmental Objectives</b>	Optimum 29 optimizing 29 of PMS to ensure continuous performance improvement working towards a clean performance audit	
<b>Alignment with National and Provincial Strategies</b>		
<b>Sphere</b>	Description	
<b>National KPA</b>	Municipal Transformation and Institutional Development	
<b>National Outcome</b>	A responsive and accountable, effective and efficient local government system	
<b>National Development Plan (2030)</b>	Developing a capable and Development State	
<b>Provincial Strategic Objective</b>	Mainstreaming sustainability and 29 optimizing resource-use efficiency	
<b>District Strategic Objective</b>	To ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of employment equity and promote skills development.	
<b>Main Functions and Sector Plans associated with this SO</b>		
<b>Municipal Functions</b>	Other spheres	Specific Plans
<b>Organisational Development, Systems</b>		Operational plan, Performance Management System

### SFA 4: BASIC SERVICE DELIVERY

<b>Strategic Goal</b>	Improve Service Levels	
<b>Municipal Strategic Focus areas</b>	Basic Service Delivery	
<b>Strategic Objective</b>	SO 4: Infrastructure and bulk upgrades, replacements and expansions in order to address	

	infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	
Challenges	<ul style="list-style-type: none"><li>Budget (poor payment rate)</li><li>Shortage of Fleet (Traffic, refuse removal etc.)</li><li>Lack/shortage of Man power</li></ul>	
Outcome / Impact	<ul style="list-style-type: none"><li>Provide residents with adequate basic services</li><li>Conserve and rehabilitate the natural environment</li><li>Mitigate the risk of potential disasters</li><li>Sustainable water provision</li><li>Increased safety</li><li>Backlog reduction</li><li>Maintained community facilities</li><li>Maintained fleet</li><li>Improved electricity provision</li><li>Increased cemetery capacity</li><li>Rehabilitation and maintenance of urban streets</li><li>Improved sewerage provision</li><li>Improved and sustainable solid waste management</li><li>Increased capacity for sustainable sewerage network</li><li>Improved stormwater network</li><li>Increased revenue collection</li></ul>	
Strategic Risks		
Municipal Directorate	Technical Services	
Departmental Objectives	<ul style="list-style-type: none"><li>Mitigate the risk of potential disasters</li><li>Manage the municipality's natural resources (Reserves, public open spaces, waterways)</li><li>Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program</li><li>Conserve the natural environment and improve the quality of our living environment</li></ul>	
Municipal Directorate	Operational Services	
Departmental Objectives	<ul style="list-style-type: none"><li>Day to Day Service Delivery</li><li>Infrastructure and bulk upgrades</li></ul>	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	Basic Service Delivery	
National Outcome	<ul style="list-style-type: none"><li>An effective, competitive and responsive economic infrastructure network</li><li>Protection and enhancement of environmental assets and natural resources</li></ul>	
National Development Plan (2030)	<ul style="list-style-type: none"><li>Nation building and social cohesion</li><li>Environmental Sustainability and Resilience</li><li>Economy and Development</li></ul>	
Provincial Strategic Objective	Mainstreaming sustainability and optimising resource-use efficiency	
District Strategic Objective	To ensure the Health and safety of all in the Overberg District through the provision of efficient basic services and infrastructure ito disaster management, municipal health and environmental management	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Water, sanitation, roads, transport infrastructure, storm water, waste removal, parks, recreation. Forward Planning and integration with Human Settlements	MIG funds and other external funding, DWA initiatives	Master plans; MIG project plans, Water Services Plans,
Strategic Goal	Improve Service Levels	
Municipal Strategic Focus areas	Basic Service Delivery	
Strategic Objective	SO 6:Increased community safety through traffic policing, bylaw enforcement and disaster management	
Challenges	<ul style="list-style-type: none"><li>Shortage of Fleet (Traffic)</li></ul>	

	<ul style="list-style-type: none"> <li>Lack/shortage of Man power</li> <li>Lack of updated by-laws</li> </ul>		
<b>Outcome / Impact</b>	<ul style="list-style-type: none"> <li>Increased community safety</li> <li>Improved environmental management</li> </ul>		
<b>Strategic Risks</b>			
<b>Municipal Directorate</b>	Development Services		
<b>Departmental Objectives</b>	<ul style="list-style-type: none"> <li>Implementation of Town Renewal Strategies by using mechanisms such as Special Rates Areas</li> <li>Implementation of Law Enforcement Strategy</li> </ul>		
<b>Alignment with National and Provincial Strategies</b>			
<b>Sphere</b>	<b>Description</b>		
<b>National KPA</b>	<ul style="list-style-type: none"> <li>Basic Service Delivery</li> </ul>		
<b>National Outcome</b>	<ul style="list-style-type: none"> <li>All people in south Africa protected and feel safe</li> </ul>		
<b>National Development Plan (2030)</b>	<ul style="list-style-type: none"> <li>Building Safer Communities</li> </ul>		
<b>Provincial Strategic Objective</b>	<ul style="list-style-type: none"> <li>Increasing safety</li> </ul>		
<b>Main Functions and Sector Plans associated with this SO</b>			
<b>Municipal Functions</b>	<b>Other spheres</b>		
<b>Planning and Functioning of Settlements and Conservation, Traffic</b>	Planning support (DEADP) and Compliance e.g. NEMA		
<b>Strategic Goal</b>	Improve Service Levels		
<b>Municipal Strategic Focus areas</b>	Basic Service Delivery		
<b>Strategic Objective</b>	SO 6:Increased community safety through traffic policing, bylaw enforcement and disaster management		
<b>Challenges</b>	<ul style="list-style-type: none"> <li>Shortage of Fleet (Traffic)</li> <li>Lack/shortage of Man power</li> <li>Lack of updated by-laws</li> </ul>		
<b>Outcome / Impact</b>	<ul style="list-style-type: none"> <li>Increased community safety</li> <li>Improved environmental management</li> </ul>		
<b>Strategic Risks</b>			
<b>Municipal Directorate</b>	Development Services		
<b>Departmental Objectives</b>	<ul style="list-style-type: none"> <li>Implementation of Town Renewal Strategies by using mechanisms such as Special Rates Areas</li> <li>Implementation of Law Enforcement Strategy</li> </ul>		
<b>Alignment with National and Provincial Strategies</b>			
<b>Sphere</b>	<b>Description</b>		
<b>National KPA</b>	<ul style="list-style-type: none"> <li>Basic Service Delivery</li> </ul>		
<b>National Outcome</b>	<ul style="list-style-type: none"> <li>All people in south Africa protected and feel safe</li> </ul>		
<b>National Development Plan (2030)</b>	<ul style="list-style-type: none"> <li>Building Safer Communities</li> </ul>		
<b>Provincial Strategic Objective</b>	<ul style="list-style-type: none"> <li>Increasing safety</li> </ul>		
<b>Main Functions and Sector Plans associated with this SO</b>			
<b>Municipal Functions</b>	<table> <tr> <td>Other spheres</td><td>Specific Plans</td></tr> </table>	Other spheres	Specific Plans
Other spheres	Specific Plans		

<b>Planning and Functioning of Settlements and Conservation, Traffic</b>	Planning support (DEADP) and Compliance e.g. NEMA	Law Enforcement Strategy, SDF
<b>Strategic Goal</b>	Improve Service Levels	
<b>Municipal Strategic Focus areas</b>	Basic Service Delivery	
<b>Strategic Objective</b>	SO 7: To develop integrated and sustainable human settlements that will address the housing demand within the Theewaterskloof Area	
<b>Challenges</b>	Influx of indigent people Increased demand for housing Land availability Funding	
<b>Outcome / Impact</b>	Sustainable human settlements	
<b>Strategic Risks</b>		
<b>Municipal Directorate</b>	Development Services	
<b>Departmental Objectives</b>	The establishment of sustainable rural settlements in the villages of Klein begins, Nuweberg and Lebanon in following the Comprehensive Rural Development Process. Provision of GAP housing Provision of economic and social facilities Ensure unbiased allocation of housing opportunities Acquire land for planned integrated Human Settlements Implementation of the Human Settlements Program which includes programs such as IRDP, EHP & EPHP) & Provision and Implementation of serviced sites	
<b>Alignment with National and Provincial Strategies Sphere</b>	Description	
<b>National KPA</b>	Basic Service Delivery	
<b>National Outcome</b>	Sustainable human settlements and improved quality of household life	
<b>National Development Plan (2030)</b>	Transforming Human Settlements	
<b>Provincial Strategic Objective</b>	Developing integrated and sustainable human settlements	
<b>District Strategic Objective</b>	To ensure the Health and safety of all in the Overberg District through the provision of efficient basic services and infrastructure to disaster management, municipal health and environmental management	
<b>Main Functions and Sector Plans associated with this SO</b>		
<b>Municipal Functions</b>	Other spheres	Specific Plans
<b>planning and implementing housing projects with govt funds, GAP housing, managing emerging settlements</b>	DHS, Human Settlement Projects	Human Settlement Plan & Housing Pipeline

#### **SFA 5: LOCAL ECONOMIC DEVELOPMENT**

<b>Strategic Goal</b>	
<b>Municipal Strategic Focus areas</b>	Local Economic Development
<b>Strategic Objective</b>	SO 8: Creating and enabling environment favorable for economic and human development in a sustainable manner

<b>Challenges</b>	High level of unemployment' Lack of interest of local labour in working in the Agricultural sector Poor quality of education Not enough housing stock in the area to attract paying residents High level of imports into the municipal area increasing costs. High level of substance abuse among youth	
<b>Outcome / Impact</b>	Improved economic growth Improved social conditions	
<b>Strategic Risks</b>		
<b>Municipal Directorate</b>	Development    Services	
<b>Departmental Objectives</b>	Replication of the methodology used to successfully attract private sector investment to Elgin/Grabouw to at least one other area in the Theewaterskloof jurisdiction Implement the Youth Development Strategy in line with National programs such as EPWP, CWP and the youth entrepreneurial project Facilitate the establishment of partnerships that will result in the improved social conditions of certain communities (vulnerable groups) Establish an investor and developer institutional friendly environment within the Municipality Contracting and Implementation of the Grabouw Investment Initiative	
<b>Alignment with National and Provincial Strategies</b>		
<b>Sphere</b>	Description	
<b>National KPA</b>	Local Economic Development	
<b>National Outcome</b>	Decent employment through inclusive economic growth	
<b>National Development Plan (2030)</b>	Economy and Development	
<b>Provincial Strategic Objective</b>	Creating opportunities for growth and jobs	
<b>District Strategic objective</b>	To promote local economic development by supporting initiatives in the District for the Development of a sustainable district economy	
<b>Main Functions and Sector Plans associated with this SO</b>		
<b>Municipal Functions</b>	Other spheres	Specific Plans
<b>Creating Framework for Growth, Job Creation, Tourism, Specific Projects, PPPs, Town Planning Health and Safety,, everything to do with soft services and recreation, human development, education and training</b>	DEADP, DoEDT Thusong initiative, CDWs, DECAS, DoE, DoSD, Rural Development	SDF, LED strategy Youth Development Strategy.    EPWP Strategy, 2030 Strategy, 2030 Projections, Green Economy, Tourism sector plan, Destination Marketing Plan

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

# Reconciliation between the IDP strategic objectives and budgeted revenue (Table SA4)

Reconciliation between the IDP Strategic Objectives and Budgeted Revenue (Table 6A)											
Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Institutional Development	Refine and Improve the institutional Capacity of the municipality		625	232	279	890	1,645	1,645	1,226	1,300	1,378
Financial Viability	Improved Sustainability Financial Management of the Theewaterskloof Municipality and execute Legislative requirements		100,809	117,723	134,951	131,810	147,454	147,454	150,829	163,156	175,703
Local Economic Development	Creating an enabling environment favourable for economic and human development in a sustainable manner.		8,294	8,455	7,974	17,685	11,856	11,856	9,837	9,586	10,031
Good Governance	Good Governance and Improve the auditing status of the Municipality		6,361	5,520	6,280	2,484	2,077	2,077	221	117	117
Basic Service Delivery	Infrastructure and Bulk Upgrades and replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process Improved Environmental Management Increase community safety through traffic policing, bylaw enforcement and disaster management To develop integrated and sustainable Human settlements that will address the housing demand with in the TWK area		262,190	306,726	292,911	306,180	342,077	342,077	319,324	354,476	356,658
Human Development			-	-	-	7,155	-	-	-	-	-
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			378,278	438,657	442,395	466,204	505,110	505,110	481,437	528,635	543,887

# Reconciliation between the IDP strategic objectives and budgeted operating expenditure (Table SA5)

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Institutional Development	Refine and Improve the institutional Capacity of the municipality		8,929	10,631	11,000	890	14,577	14,577	14,778	15,715	16,746
Financial Viability	Improved Sustainability Financial Management of the Theewaterskloof Municipality and execute Legislative requirements		27,118	30,430	33,376	43,588	38,666	38,666	40,425	44,409	45,963
Local Economic Development	Creating an enabling environment favourable for economic and human development in a sustainable manner.		20,490	21,760	22,571	38,157	27,757	27,757	30,160	32,559	35,295
Good Governance	Good Governance and Improve the auditing status of the Municipality		31,231	39,879	38,350	62,451	46,720	46,720	43,473	46,355	49,676
Basic Service Delivery	Infrastructure and Bulk Upgrades and replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process Improved Environmental Management Increase community safety through traffic policing, bylaw enforcement and disaster management To develop integrated and sustainable Human settlements that will address the housing demand with in the TWK area		275,980	278,022	263,893	289,225	361,229	361,229	341,822	375,713	385,730
Human Development			-	-	-	15,020	-	-	-	-	-
Allocations to other priorities											
Total Expenditure			363,748	380,722	369,191	449,331	488,949	488,949	470,657	514,751	533,410

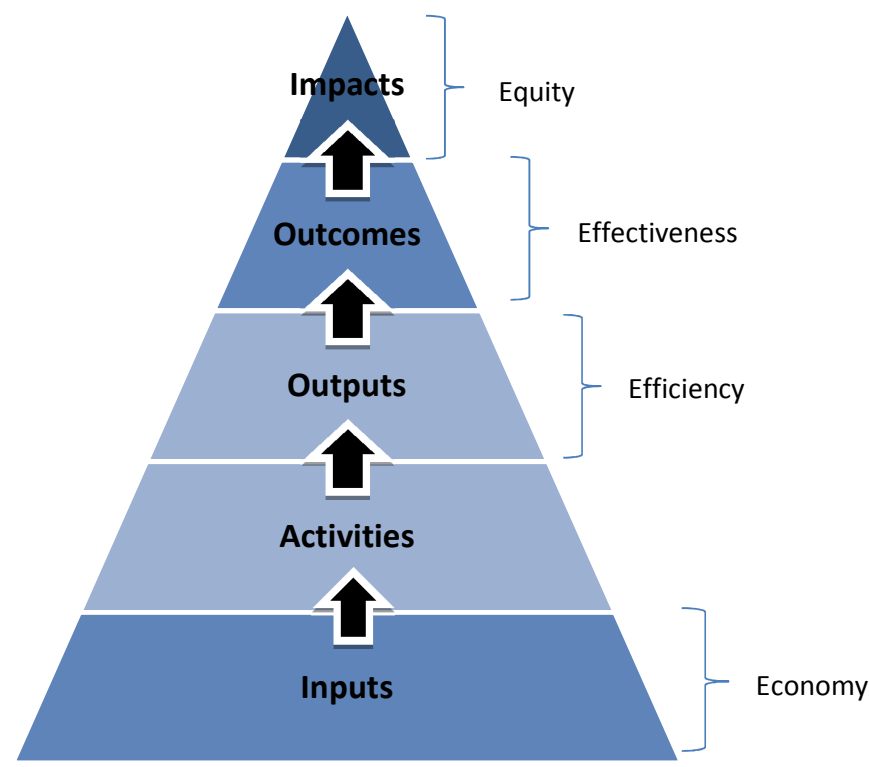
## 8. Measurable performance objectives and Indicators

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Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

Performance information needs to be structured to demonstrate clearly how the municipality uses available resources to deliver on its strategic objectives.

In managing for results, budgets are developed in relation to inputs, activities and outputs, while the aim is to manage towards achieving the outcomes and impacts. The image below illustrates the relationship between these core performance information concepts.



**Economy indicators:** explore whether specific inputs are acquired at the lowest cost and at the right time.

**Efficiency indicators:** explore how productively inputs are translated into outputs. An efficient operation maximises the level of output for a given set of inputs, or it minimises the inputs required to produce a given level of output.

**Effectiveness indicators:** explore the extent to which the outputs of an institution achieve the desired outcomes. An effectiveness indicator assumes a model of how inputs and outputs relate to the achievement of an institution's strategic objectives and goals.

**Equity indicators:** explore whether services are being provided impartially, fairly and equitably. Equity indicators reflect the extent to which an institution has achieved and been able to maintain an equitable supply of comparable outputs across demographic groups, regions, urban and rural areas, and so on.



The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

### Key financial indicators and ratios (table SA8)

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b><u>Borrowing Management</u></b>										
Credit Rating		N/A	BBB+	BBB+						
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.3%	5.1%	5.5%	4.6%	4.3%	4.3%	4.3%	4.3%	4.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.3%	6.9%	7.4%	7.0%	7.0%	7.0%	6.4%	6.5%	6.3%
Borrowed funding of 'ow n' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.1%	69.8%	0.0%	51.7%	40.1%	40.1%	48.8%	0.0%	0.0%
<b><u>Safety of Capital</u></b>										
Gearing	Long Term Borrowing/ Funds & Reserves	254.0%	125.3%	102.1%	138.3%	166.7%	166.7%	165.8%	152.9%	141.4%
<b><u>Liquidity</u></b>										
Current Ratio	Current assets/current liabilities	0.9	1.1	1.2	0.9	1.0	1.0	0.8	0.9	1.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.9	1.1	(0.0)	(0.8)	(0.7)	(0.7)	(1.4)	(1.6)	(1.8)
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.6	0.7	0.3	0.8	0.8	0.5	0.5	0.6
<b><u>Revenue Management</u></b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.1%	100.0%	87.0%	84.2%	100.0%	0.0%	82.2%	82.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.1%	100.0%	87.2%	84.2%	100.0%	100.0%	82.2%	82.7%	83.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	11.4%	9.0%	10.0%	8.5%	3.7%	3.7%	4.7%	4.9%	5.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<b><u>Creditors Management</u></b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		144.0%	103.9%	73.6%	167.9%	70.6%	70.6%	104.7%	101.7%	99.4%
<b><u>Other Indicators</u></b>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	3092625	2444153	2817158	2870922	2870922	2870922	3054592	3115683	3813596
	Total Cost of Losses (Rand '000)	2,013	1,403	1,617	2,418	2,418	2,418	3	3	4
	% Volume (units purchased and generated less units sold)/units purchased and generated	5%	4%	5%	5%	5%	5%	5%	5%	6%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	673	1,072	1,125	649	649	649	1,243	1,243	1,243
	Total Cost of Losses (Rand '000)	4405072	9700840	10179956	5210683	5210683	5210683	7944393	7944393	7944393
	% Volume (units purchased and generated less units sold)/units purchased and generated	15%	22%	24%	15%	15%	15%	24%	24%	24%
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.0%	32.0%	36.2%	36.0%	33.4%	33.4%	38.4%	38.2%	40.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.4%	34.1%	38.5%	38.4%	35.5%	35.5%	40.9%	40.5%	42.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.8%	4.7%	5.8%	6.2%	5.6%	5.6%	5.9%	5.7%	5.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	36.4%	11.6%	6.8%	9.5%	9.9%	9.9%	9.0%	8.6%	8.5%
<b><u>IDP regulation financial viability indicators</u></b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	12.1	15.2	17.8	15.4	15.4	15.4	14.7	14.7	15.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	19.3%	17.3%	17.1%	14.2%	6.9%	6.9%	7.9%	8.5%	8.9%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	1.4	1.5	2.6	0.7	1.5	1.5	1.1	1.1	1.1

## Performance indicators and benchmarks

### Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Theewaterskloof Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The municipality's debt portfolio is consisting out of annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has decreased from 5.3 per cent in 2012/13 to 4.3 per cent in 2016/17
- This decrease can be attributed to fewer loans taken up to fund portions of the capital programme. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

### Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Lower figures are more acceptable, showing that the company is predominantly financed by equity whilst high gearing shows an over reliance on borrowings for a significant proportion of the municipality's capital requirements. During the 2012/13 financial year the ratio was extremely high at 254 per cent. Although the ratio continues to improve from 125.3 per cent in the 2013/14 financial year to 165.8 per cent in 2016/17, it is still regarded as much too high and every effort should be made to reduce long term borrowing and to increase reserves.

### Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and the benchmark would normally be set at a limit of 1, hence at no point in time should this ratio be less than 1. In the 2013/14 financial year the current ratio was 1.1, it increased to 1.2 in the 2014/15 financial year and thereafter a decrease is forecasted of 1.0 in 2015/16 and 2018/19. Going forward it will be necessary to increase these levels to allow the municipality to be able to pay its liabilities when it falls due.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 0.6 and is decreasing to 0.5 in the 2016/17 financial year.

## **Revenue Management**

As part of the financial sustainability strategy, initiatives have been implemented to increase cash inflow such as prepaid water and electricity meters for all. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

## **Creditors Management**

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. The municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

## **Other Indicators**

- The electricity distribution losses have been set at 3,054,592 kw for 2016/17. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity, including prepaid meters.
- The water distribution losses in 2013/2014 were 1,071,916 kl. The 2015/16 target is set at 648,902 kl. Initiatives such as free water leakage repair for indigent and prepaid water meters will assist in this regards.
- Employee costs as a percentage of operating revenue decrease from 36% in the 2012/13 to 33.4% in 2015/16 and increasing in 2016/17 year to 38.4%

## **Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality.

For the 2016/17 financial year +/- 5 400 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water and sanitation, 70 kwh of electricity and free waste removal, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) on page 22.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are taken into account in the table noted above.

## **Providing clean water and managing waste water**

The water service sector covers a wide range of activities from abstraction of water from natural resource, purification, storage and distribution to users. Waste water is collected from users, transported to treatment plants, treated and discharge to the water resource again. The integrated water service process is complex, it's potential to impact negatively on the health of

individuals as well the natural environment, requires close attention and management, in order to avoid negative impact.

The DWS uses an incentive risk based regulatory approach on both drinking water quality management and (Blue drop certification) and wastewater management.

### **Drinking Water Quality and Waste Water Management in TWK Municipality.**

There are eight towns each with its own water and waste water treatment facility that falls under the management of the Theewaterskloof Municipality Authority except, for Caledon (water treatment). The latter receives water from a service provider, Overberg Water.

#### **1. Blue Water Audit for 2014**

Nationally there was a decrease in the performance of all municipalities. Theewaterskloof Municipality ranked as the 15<sup>th</sup> best on the Provincial Blue Drop log, with improvements at Botriver, Caledon and RSE. With this audit Risk management had more weighting then previous year. In 2013 TWK drafted their first Water Safety Plan. With the new Water Safety Plans just drafted limited implementation of risk mitigation have taken place. The rate of drinking water quality compliance not being according to expectation also contributed to the decline. Each water system was assessed against a set of criteria in a Performance Area. The overall score generated in the specific performance area is displayed in table below.

Performance Area	System	Caledon	Botrivier	Genadendal	Grabouw
Water Safety Planning (35%)		32.29	18.2	16.98	11.20
Treatment Process Management (8%)		8.00	1.20	3.16	2.56
DWQ Compliances (30%)		28.95	29.40	8.10	24.75
Management, Accountability (10%)		7.58	5.40	4.65	5.40
Asset Management (14%)		9.42	9.31	8.79	5.08
Use efficiency, Loss Management (3%)		2.85	2.82	3.00	3.00
Bonus score		1.56	4.55	6.15	5.91
Penalties		0.00	0.00	0.0	0.00
<b>Blue Drop Score</b>		<b>90.65</b>	<b>70.88</b>	<b>50.83</b>	<b>57.90</b>

Performance Area	System	Greyton	Riviersonderend	Tesselaardal	Villiersdorp
Water Safety Planning (35%)		20.48	20.48	17.50	19.5
Treatment Process Management (8%)		3.76	3.16	1.20	5.16
DWQ Compliances (30%)		6.75	18.00	6.75	8.10
Management, Accountability (10%)		4.20	5.40	5.40	5.40
Asset Management (14%)		8.79	6.62	8.47	6.41
Use efficiency, Loss Management (3%)		2.85	2.10	3.00	3.00
Bonus score		5.25	5.97	6.75	5.25
Penalties		1.4	0.00	0.0	0.00
<b>Blue Drop Score</b>		<b>50.68%</b>	<b>61.73%</b>	<b>49.07%</b>	<b>52.82%</b>

### 1.1 Water Safety Plan

Caledon – only system scoring well. Lessons to be learnt from Caledon and implemented at other supply systems. DWS assisted us to draw up these plans for at least one of our town. All role players were involved in this project and complete the plans for the remaining systems. Implementation of Water Safety Plans to be implemented.

### 1.2 Treatment Process Management

All process controllers and treatment works are registered and uploaded on the Blue and Green drop regulatory systems but, we do not fully comply with regulation 2834 that states, that the registered process controllers comply with the legislative requirements in terms of

- Number of Process Controller per shift
- Complying with the required classification level of the treatment works and that the supervisor preferably on a higher classification level as that of the process controller on shift.

Record keeping of all water related incidents that may have an impact on the immediate or greater community.

It is a Blue and Green Drop necessity to have a qualified process controller on a Water and Wastewater Treatment System. The lack of skilled process controller and supervisors is just one of the many criteria that are needed for Blue & Green Drop Status achievements. At this stage our senior process controllers have completed an appropriate NQF 3 training in water & wastewater treatment. This type of training will allow these process controllers to be fully qualified and skilled in their current position.

### **1.3 Drinking Water Quality Compliances**

Drinking water quality compliance poor particularly in Genadendal, Greyton, Tesselaarsdal and Villiersdorp.

Failure to achieve 100% compliance can be linked to numerous factors including:

- Incompetency of the process controller so therefore training needed or
- The process controller doesn't do daily operational monitoring to detect failures earlier before its reach the consumers
- Proper equipment's need to be place in order to do sampling
- Improper implementation of incident reporting regarding failure therefor trigger late response management
- Treatment Works operate above its design capacity or treatment works not design to remove certain parameters. Process audit need to be conducted to see how the treatment can optimize.

### **1.4 Management, Accountability**

Management accountability weight 10% of the total allocated blue drop score. Management commitment is measured by approval of the Water Management Plans, as the municipality has a responsibility towards the direct consumer and broader public that we serve. We therefore need to inform them about the status of the drinking water delivered. Communication can proceed via SLA's; notice boards; data submission to DWAF and newspaper publications.

### **1.5 Asset Management**

The limited implementation of the Operational & Maintenance manuals on site, calibration certificates of water meters and availability of maintenance team competency from service providers influence the overall marked scored in this performance area. Some of the old treatment system lack proper or full O&M manual but with the assistance of Wamtechnology the Operational and Maintenance manuals were compiled.

### **1.6 Water Use Efficiency**

Water use efficiency was good, with 100% scored in the Tesselaarsdal, Villiersdorp, Genadendal and Grabouw systems.

## **9. Overview of Budget Related Policies**

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The following Budget-Related Policies have been approved by Council or have been reviewed and amended in line with National Guidelines and Legislation.

### **7.1. Tariff Policy**

The municipality wishes to achieve the following by adopting this policy:

1. To comply with the provisions of Section 74 of the Local Government: Municipal Systems Act, 2000 (MSA): the municipality must adopt and implement a Tariff Policy on the levying of fees for municipal services provided by municipality
2. To comply with Section 62(1) (f) of the MFMA which states that the Accounting Officer must ensure that a municipality has and implement a Tariff Policy
3. To prescribe Procedures and Principles (as defined in Section 74 (2) of the MSA for calculating tariffs where the municipality wishes to implement service providers in terms of Section 76(b) of the Act.
4. To give guidance regarding tariff proposals and calculations to provide a framework to determine fair, transparent and affordable charges that also promote sustainable service delivery.

The policy ensures a holistic and comprehensive overview on all the revenues / charges levied.

### **7.2. Credit Control and Debt Collection Policy**

This policy has been formulated and developed in order to comply with Section 96 - 98 of the Local Government: Municipal Systems Act, 2000 which states:

In terms of Section 96 of the MSA a municipality-

- (a) must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and
- (b) for this purpose, must adopt, maintain and implement a Credit Control and Debt Collection Policy which is consistent with its rates and tariff policies and complies with the provisions of the MSA.

This policy is also aimed at guiding officials in the legislative implementation of processes necessary to ensure optimal revenue generation and collection. Increased revenue forms the basis for effective service delivery, infrastructure development, and economic growth.

In line with the objective of creating a vibrant and growing municipality, the Credit Control, and Debt Collection Policy is also aligned to the Batho-Pele Principles.

### **7.4. Cash Management and Investment Policy**

In terms of Section 13 (2) of the Municipal Finance Management Act, 2003 the municipality must establish an appropriate and effective Cash Management and Investment Policy.

The objectives of the policy are to ensure optimal performance with the least possible risk, in managing and investing the cash resources of the municipality and to ensure transparency, accountability, and appropriate lines of responsibility.

### **7.5. Grant in Aid Policy**

A Grant in Aid Policy was developed and approved by council on 28 October 2010 in terms of Section 67 of the MFMA.

It deals with processes and procedure to be followed when the municipality allocates grants to other institutions in an equitable and transparent manner and in line with IDP Objectives.

Provisions and disclosure must be made for Allocations under consideration in the draft budget and other prescribed budget related documents for public comments.

Applications are made in line with Section 67 of the MFMA and the policy on a prescribed application form. The name of the institution, grant amount and description should be disclosed on the Grant Statement.

#### **7.6. Asset Management Policy**

This policy has been designed to assist management and officials of the Theewaterskloof Municipality with the description and management procedures for Property, Plant and Equipment, Intangible Assets, and Investment Property.

It further aims to ensure that the assets of the municipality are properly accounted for, marked and to ensure that assets are utilized and maintained in an economic, effective, and efficient manner to ensure optimal utilization, value for money and sustainable service delivery.

#### **7.7. Risk Management Policy**

Section 62 (1) of the MFMA requires that the Accounting Officer takes all reasonable steps to ensure that the municipality has and maintains effective, efficient, and transparent systems of Financial and Risk Management, of internal control and of internal audit as well as the effective, efficient, and economical use of the resources of the municipality.

The purpose of the Risk Management Policy is to enable the municipality not only to comply with legislation but also to manage risks by reducing/eliminating the likelihood and impact of risks in a pro-active, responsible and structured manner.

#### **7.8. Virement Policy**

Virement is process of transferring funds from one line item to another within one vote with the approval of the relevant Senior Manager and CFO, to enable Budget Manager to transfer funds from one vote line-item with anticipated savings to another.

The aim is to improve financial controls over the processes and procedures of transferring funds and to ensure accountability and improved Budgetary Control.

#### **7.9. Anti-Corruption Policy**

To ensure that the Municipality is in compliance with the Municipal Systems Act, Act No 32 of 2000 which requires the Municipality, amongst other things to develop and adopt appropriate systems and procedures that contribute to effective and efficient management of the municipality and its resources.

#### **7.10. Funds and Reserves Policy**

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:



- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes. and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced with if the funding sources have been considered, are available and have not been committed for other purposes.

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines in ensuring financial viability over both the short- and long term and includes funding- as well as reserves requirements.

#### **7.11. Short Term Insurance Policy**

The MFMA was introduced with the following objective:

- *The object of this Act is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for—*
  - a) *ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;*
  - b) *the management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;*

The objective of this Short Term Insurance Management Policy is to ensure that the;

- ✓ municipality has transparent Insurance claim processes and procedures;
- ✓ general public are informed about the correct processes & procedures when filing a claim with the municipality;
- ✓ general public are aware of the required documentation when filing a claim with the municipality;
- ✓ managers and staff are aware of their responsibilities with regards to insurance management;
- ✓ managers and staff are informed about the correct processes & procedures when reporting;
- ✓ managers and staff are aware of the required documentation when filing a claim with the municipality;
- ✓ unions are informed about the correct processes & procedures;
- ✓ unions are aware of the required documentation;

All the above-mentioned Policies were approved by Council and are reviewed at least annually. The policies are available on the municipality's website.

#### **7.12. Policy on the Writing-Off of Irrecoverable Debt**

The purpose of this policy is to ensure that the principles and procedures for the writing-off of irrecoverable debt are formalised to ensure that consumers (especially households) are relieved of their spiral of debt.

## 10. Overview of Budget Assumptions

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**The Challenge** of the International, National and Local Economy is limited Resources versus unlimited needs. Theewaterskloof Municipality is no exception as the unlimited needs of the community as outlined in the IDP are far more than the limited revenue and resource capacity of the municipality. This is largely the reason for adopting Financial Viability as one of our long-term themes defined as improved sustainable revenue capacity versus sound financial resource management.

The Ministerial Advisory Committee defines **Financial Viability** as “the ability of a local authority to fulfil its constitutional and legislative responsibilities. Resources to fulfil these obligations are derived from both the Equitable Share received and distributed nationally, as well as the revenue a municipality can raise locally”.

### It is important to highlight the following assumptions:

#### **Expenditure:**

- **Salaries:**  
Increase is 8.2%
- **Councillors Remuneration:**  
6% increase is budgeted for.  
The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).
- **Eskom Bulk Electricity Tariff**  
Bulk purchases will increase with 12.2% (With the final approval of NERSA)
- **Bulk Water Tariff:**  
The bulk water tariff has increased by 23%
- **Other Expenditure**
  - **Fuel:**  
The budget for the 2016/17 financial year amounts to R4.9 million.
  - **Ward Committee Allowances/Stipends:**  
R485, 000 provided for Transport, Telephone and Stationery.
  - **Repairs & Maintenance:**  
Delayed Maintenance result in disrepair and is more expensive due to price increases and the problem increases.  
R26, 557 million budgeted (6% of Budget) and the largest slice is taken by Networks (R4, 565 million or 17%) and R8, 371 million (32%) for Land and Buildings and R5, 061 million (19%) for Roads and Storm water.  
The budget for repairs on vehicles amount to R3, 242 million while an amount of R2, 333 million was provided for maintenance. In relation to the value of Fixed Assets this may be interpreted to be out of proportion.

## Revenue

### ➤ **Tariffs& Revenue Projections:**

Tariffs must be cost-reflective as far as possible because any subsidisation places a burden on another group of consumers. National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible.

Increases are as follows:

<u>Service</u>	<u>Increase</u>
Assessment Rates	9.89%
Refuse	7.9%
Water	7.7%
Sewer	6%
Electricity	9% (Subject to approval of NERSA)

### ➤ **Households**

It is assumed that the total number of households in the municipal area (the tax base) will stay stable during the financial year.

### ➤ **Collection rate for municipal services**

It is assumed that the collection rate (percentage of service charges recovered) for the financial year will be the same as the previous payment rate. In accordance with relevant legislation and national directives, the estimated revenue recovery rates are based on realistic and sustainable trends. The Municipality's collection rate is set at 92%. Adequate provision is made for non-recovery

### ➤ **Grants**

It is assumed that the National and Provincial grants as per the Division of Revenue Bill (DORA Bill) which has been included in the budget will be received during the 2016/17 financial year.

### ➤ **Indigents**

We provided for +/- 5 400 Households. This figure seems to be realistic as there are many occupants of RDP Houses whether the beneficiaries or not who would qualify for Indigents Subsidy. Revenue Cost = R22, 986 million.

The following problem areas are key factors to be addresses to ensure that the municipality is financial viable:

- Subsidisation of rates funded services from trading services
- No contribution to a capital replacement reserve fund
- Productivity and Cost Cutting Measures
- Ageing Infrastructure and inadequate provision for repairs and maintenance
- Out-dated fiscal model and limited grant funding for the benefit of indigent communities only
- Institutional capacity and development sustainability
- Uncontrolled Influx of Indigent People
- Narrow Revenue Base of the municipality
- Lack of Accurate Data Required for Longer Term Financial Planning
- Unfunded/Underfunded Mandates

**“Mind the Gap”** has been identified in a previous financial year. It remains relevant as it is crucial to narrow the gap between the expectations of the departments, the wider community of TWK and the financial and other resource capacity of the municipality. This includes managing and

reducing high stakeholders/ community expectations and increasing capacity/ resources/ efficiency and effectiveness. First, it is important to determine/ assess the financial health and potential (where we are). Then match available resources and potential resources (including financial) against Service Delivery, Infrastructure and Capital Needs for the next 5 years.

**Local Economic Development (LED)** is a very important focus area as we need to broaden our Revenue Capacity by developing in the area. The Successful implementation of the Local Economic Development Strategy is a very important to enhance the Financial Viability of the municipality as LED have a definite impact on job creation, development, etc.

The Primary Focus of LED is:

- Social and Economic Development and Tourism.
- Tourism promotion and destination marketing
- SMME Development and Support

### **Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors, such as Demographics, Socio-Economic and Financial Factors and Principles and planning strategies have informed the compilation of the 2016/17 MTREF:

- CPI
- Interest Rates
- Fuel Price
- Economic Growth
- Economic Recession/ Job Losses
- Councillor's and Officials' Remuneration
- Debt Collection Rate
- Tariff Adjustment
- Indigent Increase
- Informal Settlement Control
- Migration/ Population Increase
- Equitable Share
- Bulk Purchase Tariff Increase

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars have been taken into consideration in the planning and prioritisation process.

### **Economic Growth**

In 2014 South Africa's growth continued to slow down, recording only 1.5%, the weakest performance since the global financial crisis. The nation's economy was affected by its most protracted industrial action since the end of apartheid and significantly weak demand from trading partners. Various infrastructure gaps, notably inadequate energy supply, weak domestic demand, and anemic investment rates also acted as a drag on growth.

South African's economy recovered slightly in the third quarter last year, although GDP recorded weak growth on a sequential basis. Latest indicators point to another dismal expansion in the final quarter of 2015 and the outset of the new year. Manufacturing barely grew in December and the business confidence index recorded the second-lowest reading in nearly a decade in January.

Low commodity prices are weighing heavily on mining companies and industry officials estimate that there will be over 50,000 job cuts in the sector. Against the backdrop of a high unemployment rate, further cuts have the potential to trigger social unrest. Moreover, the country is experiencing the worst drought in years, which could depress the economy further as a supply shortage translates into higher agricultural imports and rising inflation.

The pace of economic growth has slowed in many countries. The price of oil has fallen by 50 per cent since December 2014. Our major exports – platinum, gold, iron ore and coal – have seen substantial declines in global demand and in prices. The effects on our economy are widespread:

- lower export earnings,
- lower revenue,
- declining investment,
- job losses, and in some cases business failures.

For the world as a whole, growth declined from 3.4 per cent in 2014 to an estimated 3.1 per cent last year. The Treasury currently expects growth in the South African economy to be just 0.9 per cent this year, after 1.3 per cent in 2015. This reflects both depressed global conditions and the impact of the drought. It also reflects policy uncertainty, the effect of protracted labour disputes on business confidence, electricity supply constraints and regulatory barriers to investment.

### **Economic Recession/Job Losses**

Unemployment remains SA's single greatest economic and social challenge. Government measures include tax incentives for employment and investment, support for enterprise development, skills development and employment programmes.

The jobless rate in South Africa decreased to 24.5 percent in the fourth quarter of 2015 from 25.5 percent in the previous period and below market expectations of 25.5 percent. It was the lowest reading since the last quarter of 2014, as number of unemployed went down by 4.2 percent to 5.2 million while employment went up at a slower 1.2 percent to 16 million. Unemployment Rate in South Africa averaged 25.27 percent from 2000 until 2015, reaching an all time high of 31.20 percent in the first quarter of 2003 and a record low of 21.50 percent in the fourth quarter of 2008. Unemployment Rate in South Africa is reported by the Statistics South Africa.

In South Africa, the unemployment rate measures the number of people actively looking for a job as a percentage of the labour force. However, as much of South Africa's unemployment problem is structural in nature, it needs to be addressed through structural microeconomic interventions, and the new growth path, as outlined by government, goes some way in this direction

TWK supports this initiative by utilizing the Expanded Public Works Program (EPWP), exploring creative ways to stimulate local economic growth to ensure and strategically utilizing the organization purchasing power to assist with local job creation.

The Overberg District grew by 4.6 per cent on average year-on-year from 2005-2014. The District managed to grow by 4.2 per cent per annum during the recessionary period (2008-2009); while experiencing a lower growth rate of 3.4 per cent per annum during the recovery period (2010-2013). The District has not yet managed to revert back to its 2005-2013 trend growth rate

Theewaterskloof comprised the largest share (36 per cent or R4.7 billion) of the District's GDP of R13.3 billion in 2013, making it the largest economy in the District, followed by Overstrand (34 per cent; R4.6 billion), Cape Agulhas (17 per cent; R2.3 billion) and Swellendam (13 per cent;

R1.7 billion). The Theewaterskloof municipal area experienced average year-on-year growth of 3.6 per cent from 2005- 2013, is on par with the Provinces growth rate over this period. Theewaterskloof is the slowest growing municipality in the District.

The economic growth tapered down to 3.8 per cent annually during the recessionary period 2008-2009. Growth slowed down further to 2.6 per cent over the period 2010-2013 and remains below the 2005-2013 trend growth rate. Theewaterskloof Municipality experienced strong growth in their Construction (8.5 per cent) and Commercial services sectors (i.e. wholesale, retail, catering & accommodation; transport & communication; and finance, insurance, real estate & business services) (6.7 per cent).

Theewaterskloof comprised 36 per cent of the GDP and 39 per cent of the employment in the District in 2013. Theewaterskloof has the largest negative employment growth of -2.4 per cent over the period and the lowest GDP growth rate.

### **Councillors and Officials Remuneration**

Councillors Remuneration is expected to increase by 6% and is also beyond the control of the municipality as increases in Councillor Remuneration are determined by the National Government in terms of the Remuneration of Public Office Bearers Act.

### **Debt Collection Rate**

The target for Debt Collection Rate for 2016/2017 is 92% and is determined in accordance with the realistically anticipated collection trends. Whilst there are pertinent and somewhat unique problems experienced by the TWK Municipality in performing effective credit control, every effort will be made by the municipality to achieve at least 92% collection ratio during 2016/17.

### **Tariff Adjustment**

A “zero-base” approach to improve on tariff setting, ensuring that the principles of benefit received, cost of service and cost-recovery, affordability and sustainability is taken into consideration.

A Briefing- Session was conducted and one-on-one Sessions were held with Directorates Operations, Development and Technical Services and Town Managers on 20 and 21 January 2016.

These engagements were dedicated to tariffs and the process of rationalization of services, identification of various categories of consumers, the level of services rendered/demanded and the levying of appropriate cost-recovery tariffs.

### **Factors impacting on Tariff Increases**

The following factors were taken into consideration when calculating proposed tariff increases:

- Affordability
- Economic Recession, Job Losses
- Councillors Remuneration
- Personnel Cost
- Escalating Fuel Prices
- Economic Indicators (CPI, Interest Rates)

- Escalating Bulk Purchases Prices (Water and Electricity)
- Increasing Indigents
- Electricity Bulk Price Increases (Eskom)
- Repairs and Maintenance
- Willingness and Ability to Pay
  - ✓ The Level/Standard of Service: the higher the level and standard, the higher the tariffs.
  - ✓ Benefit Received
  - ✓ Affordability
  - ✓ Reputation: Good Governance
  - ✓ Good Service Delivery also ensures improved willingness to pay
  - ✓ Recover of Capital and Usage Costs

#### Deliverables

- The possibilities of Rationalisation of Tariffs (number reduced)
- Tariffs and Tariff Policy simplified for easy understanding and enhanced transparency.
- Service Delivery Cost fully calculated and tariffs should reflect full cost.
- Tariff Setting ensures the Sustainability of Services.
- Tariff Policy must reflect the Financial Strategies.

#### Tariff Goals

- Revenue Sufficiency
- Affordability of services
- Promoting local economic development
- Wasteful use of service discourage
- Rate of return on assets (in order to ensure allowance is made for the future expansion of infrastructure)

#### **Equitable Share**

The Equitable Share increased from **R63, 908m** in 2015/16 to **R69, 861m** 2016/17.

<b>Years</b>	<b>Equitable Share</b>	<b>Indigent Subsidy</b>	<b>Subsidy as a % of Equitable</b>
<b>2010/2011</b>	<b>43,655</b>	<b>19,486</b>	<b>45%</b>
<b>2011/2012</b>	<b>46,935</b>	<b>21,035</b>	<b>45%</b>
<b>2012/2013</b>	<b>53,343</b>	<b>20,492</b>	<b>38%</b>
<b>2013/2014</b>	<b>57,262</b>	<b>22,914</b>	<b>40%</b>
<b>2014/2015</b>	<b>62,481</b>	<b>27,500</b>	<b>44%</b>
<b>2015/2016</b>	<b>63,908</b>	<b>32,922</b>	<b>52%</b>
<b>2016/2017</b>	<b>69,861</b>	<b>22,986</b>	<b>33%</b>

#### **Indigents Subsidy**

The number of indigent Households is projected to increase. This anticipated increase is mainly caused by high levels of unemployment in the Theewaterskloof region, Agricultural Seasonal Employment and Influx of Indigent people seeking greener pastures. This trend will have a significant impact on the Equitable Share Grant Allocation.

#### **Informal Settlement Control**

Based on the survey conducted by LMS it is evident that squatter control is becoming an unavoidable issue which needs to be managed more pro-effectively. The municipality is actively pursuing ideas to establish a squatter control unit to address this issue.

### **Migration/ Population Increase**

According to the census 2001 Theewaterskloof had a population of 93,276, and the results of the 2011 census the population is 108,790 which shows an estimated increase of 14%.

The population growth is especially in the Grabouw and Villiersdorp. Farms is due to the agriculture sector being one of the major economic activities in TWK. The agriculture sector, more intensively in the Fruit production is labour-intensive and seasonal. These farm workers are only economically active for a certain period of the year and can contribute to revenue (municipal service) only during that period.

The result of the increase in the population is that there is an increase pressure on our public services such as Clinics, Law Enforcement, and our infrastructure and land availability for houses.

### **Community Consultation**

The draft 2016/17 MTREF will be tabled before Council on 22 March 2016 for community consultation and will be published on the municipality's website, and hard copies made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees and Town Advisory Forum, which serve as the representative forums of stakeholders and form the link between the Municipality and the community, will be utilised to facilitate the community consultation process during April 2016, and included nine public briefing sessions. The applicable dates and venues will be published in all the local newspapers.



## 11. Overview of Budget and Funding

In terms of Section 18 of the Municipal Finance Management Act, an Annual Budget may only be funded from:

- Realistically anticipated revenues to be collected
- Cash backed accumulated funds from previous years surpluses not committed for other purposes
- Borrowed funds, but only for the Capital Budget (Fixed assets, Infrastructure, Property, Plant and Equipment)

The budget recognizes compliance to the following:

- Credible, consistent and responsive to the municipality's IDP
- Funded and achievable in terms of service delivery
- Institutional Needs Analyses and takes into consideration Risk Analyses, Internal, and External Factors impacting on service delivery.
- Contains Revenue and Expenditure Projections that are consistent with current and past year performances.
- The municipality has overcome all the major obstacles which had an impact on its capacity to spend its budget and render services. These include blockages in the form of staff, policies, procedures, and processes.
- Does not jeopardize the Financial Viability of the municipality.

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal and property rates.

Revenue was based on:

- Growth in the municipality and economic development
- Revenue management and enhancement
- Achievement of 92 per cent annual collection rate for consumer revenue
- Electricity tariff increase within the National Electricity Regulator of South Africa (NERSA) approval
- Achievement of full cost recovery of specific user charges
- Determining tariff escalation rate by establishing/calculating revenue requirements
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The following illustrate the difference between the 2015/16 and 2016/17 tariff increase:

Particulars	2015/16	2016/17
Rates	9.5%	9.89%
Electricity	12.2%	9%
Refuse	16%	7.9%
Sewerage	9%	6%
Water	7%	7.7%

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R174,564 million for the 2015/16 financial year and increasing to R180, 137 million for the 2016/17 financial year

Operational grants and subsidies amount to R130, 563 million, R150, 452 million and R144, 003 million for each of the respective financial years of the MTREF

Investment revenue actual performance will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

#### Monetary investments by type (Table SA15)

Investment type	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>Parent municipality</b>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	20,740	26,967	60,541	20,000	50,000	50,000	39,832	39,832	49,832
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
<b>Municipality total</b>	<b>20,740</b>	<b>26,967</b>	<b>60,541</b>	<b>20,000</b>	<b>50,000</b>	<b>50,000</b>	<b>39,832</b>	<b>39,832</b>	<b>49,832</b>
<b>Entities</b>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
<b>Entities sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated total:</b>	<b>20,740</b>	<b>26,967</b>	<b>60,541</b>	<b>20,000</b>	<b>50,000</b>	<b>50,000</b>	<b>39,832</b>	<b>39,832</b>	<b>49,832</b>

The following table is a detailed analysis of the municipality's borrowing liability.

Detail of borrowings (Table SA17)

Borrowing - Categorised by type	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Parent municipality</b>									
Long-Term Loans (annuity/reducing balance)	88,658	93,068	85,577	100,284	102,925	102,925	102,286	92,982	84,747
Long-Term Loans (non-annuity)	17,023	17,023	17,023	17,023	17,023	17,023	17,023	17,023	17,023
Local registered stock									
Instalment Credit									
Financial Leases	107	–	325	–	–	–	–	–	–
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
<b>Municipality sub-total</b>	<b>105,788</b>	<b>110,091</b>	<b>102,924</b>	<b>117,307</b>	<b>119,947</b>	<b>119,947</b>	<b>119,309</b>	<b>110,005</b>	<b>101,770</b>

### 1.3 Cash flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Budget cash flow statement (Table A7)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates, penalties & collection charges	47,607	58,314	64,247	63,358	75,213	75,213	68,821	74,228	80,009
Service charges	131,967	142,532	129,884	150,173	176,565	176,565	148,303	160,305	172,688
Other revenue	(15,014)	(1,545)	22,117	26,058	21,777	21,777	37,643	39,901	42,295
Government - operating	63,624	67,750	74,026	136,386	150,235	150,235	130,563	150,452	144,003
Government - capital	77,511	79,159	109,995	38,617	39,788	39,788	34,366	39,148	37,294
Interest	10,024	12,171	11,607	8,338	11,304	11,304	12,212	12,945	13,722
Dividends	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Suppliers and employees	(209,598)	(277,343)	(284,008)	(368,260)	(416,709)	(416,709)	(376,510)	(414,873)	(430,728)
Finance charges	(12,780)	(12,742)	(11,877)	(12,196)	(12,196)	(12,196)	(11,462)	(12,198)	(11,959)
Transfers and Grants	(783)	(912)	(1,351)	(1,000)	(1,500)	(1,500)	(1,500)	(1,575)	(1,654)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>92,559</b>	<b>67,384</b>	<b>114,641</b>	<b>41,472</b>	<b>44,478</b>	<b>44,478</b>	<b>42,436</b>	<b>48,333</b>	<b>45,670</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	8,398	1,584	5,755	2,247	-	-	2,382	2,524	2,676
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	(7)	-	-
Decrease (increase) other non-current receivables	13	-	(453)	-	7	7	-	7	-
Decrease (increase) in non-current investments	-	(190)	(9,642)	-	9,832	9,832	(9,832)	-	-
<b>Payments</b>									
Capital assets	(88,401)	(62,947)	(73,127)	(60,973)	(79,791)	(79,791)	(50,579)	(39,148)	(37,294)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(79,990)</b>	<b>(61,553)</b>	<b>(77,467)</b>	<b>(58,726)</b>	<b>(69,952)</b>	<b>(69,952)</b>	<b>(58,036)</b>	<b>(36,617)</b>	<b>(34,618)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	23	11,275	-	11,550	15,331	15,331	7,909	-	-
Increase (decrease) in consumer deposits	61	354	233	233	234	234	248	262	278
<b>Payments</b>									
Repayment of borrowing	(6,521)	(6,978)	(6,973)	(6,974)	(7,626)	(7,626)	(7,626)	(8,548)	(9,304)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(6,437)</b>	<b>4,651</b>	<b>(6,740)</b>	<b>4,809</b>	<b>7,939</b>	<b>7,939</b>	<b>531</b>	<b>(8,285)</b>	<b>(9,026)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>6,131</b>	<b>10,483</b>	<b>30,435</b>	<b>(12,445)</b>	<b>(17,535)</b>	<b>(17,535)</b>	<b>(15,069)</b>	<b>3,431</b>	<b>2,026</b>
Cash/cash equivalents at the year begin:	21,414	27,545	38,028	34,859	68,463	50,928	35,859	39,290	39,290
Cash/cash equivalents at the year end:	27,545	38,028	68,463	22,414	50,928	50,928	35,859	39,290	41,316

## 1.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

## Cash backed reserves/accumulated surplus reconciliation (Table A8)

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	27,545	38,028	68,463	22,414	50,928	50,928	35,859	39,290	41,316
Other current investments > 90 days	(0)	–	0	–	–	–	–	–	–
Non current assets - Investments	–	190	9,832	–	–	–	9,832	9,832	9,832
<b>Cash and investments available:</b>	<b>27,545</b>	<b>38,218</b>	<b>78,295</b>	<b>22,414</b>	<b>50,928</b>	<b>50,928</b>	<b>45,691</b>	<b>49,122</b>	<b>51,148</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	5,529	1,710	11,462	–	–	–	–	–	–
Unspent borrowing	–	–	–	–	–	–	–	–	–
Statutory requirements	1,637	1,355	2,705	1,355	2,705	2,705	2,705	2,705	2,705
Other working capital requirements	14,569	14,546	19,205	7,292	19,907	19,907	20,299	19,914	18,362
Other provisions	–	–	–	–	–	–	–	–	–
Long term investments committed	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	555	6,555	15,777	3,566	3,786	3,786	3,786	3,786	3,786
<b>Total Application of cash and investments:</b>	<b>22,290</b>	<b>24,167</b>	<b>49,148</b>	<b>12,213</b>	<b>26,399</b>	<b>26,399</b>	<b>26,790</b>	<b>26,405</b>	<b>24,853</b>
<b>Surplus(shortfall)</b>	<b>5,255</b>	<b>14,051</b>	<b>29,146</b>	<b>10,201</b>	<b>24,529</b>	<b>24,529</b>	<b>18,901</b>	<b>22,717</b>	<b>26,294</b>

From the above table it can be seen that the cash and investments available total R50, 928 million (original budget) in the 2015/16 financial year and decrease to R35, 859 million by 2016/17, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.
- There is no unspent borrowing from the previous financial years. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. It needs to be noted that, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.
- Other provision liability is informed by, amongst others, the supplementary pension liability.
- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

## 1.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Funding compliance measurement (Table SA10)

Description	MFMA section	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	27,545	38,028	68,463	22,414	50,928	50,928	35,859	39,290	41,316
Cash + investments at the yr end less applications - R'000	18(1)b	5,255	14,051	29,146	10,201	24,529	24,529	18,901	22,717	26,294
Cash year end/monthly employee/supplier payments	18(1)b	1.4	1.5	2.6	0.7	1.5	1.5	1.1	1.1	1.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	14,530	57,935	73,204	16,873	16,161	16,161	10,780	13,884	10,476
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	6.0%	4.9%	7.8%	(6.7%)	(6.0%)	(1.0%)	1.3%	1.1%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	71.9%	71.2%	81.3%	83.7%	92.1%	92.1%	82.4%	82.9%	83.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	12.7%	23.5%	16.6%	12.5%	16.9%	16.9%	16.5%	16.2%	15.8%
Capital payments % of capital expenditure	18(1)c,19	100.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.1%	69.8%	0.0%	51.7%	40.1%	40.1%	48.8%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							99.6%	112.6%	193.7%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	0.5%	9.4%	(5.5%)	(51.9%)	0.0%	20.1%	15.7%	12.7%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(2.2%)	(100.0%)	0.0%	(137.0%)	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	3.2%	2.9%	3.0%	3.5%	3.1%	3.1%	3.1%	3.2%	3.3%
Asset renewal % of capital budget	20(1)(vi)	48.9%	27.4%	35.7%	36.3%	33.5%	33.5%	35.8%	0.0%	0.0%

### 1.5.1.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 MTREF shows R35, 859 million, R39, 290 million and R41, 316 million for each respective financial year.

### 1.5.1.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8, on page 19. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *1.5.1.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been improved for the period 2012/13 to 2014/15, moving from 1.4 to 2.6. Currently it is estimated that the municipality will have 1.5 months cash available (2015/16), although the municipality's aim is to improve this ratio to at least two months, it looks unlikely that this goal will be achieved over the 2016/17 as the estimated available cash for 2016/17 is projected to be 1.1. This measure will have to be carefully monitored going forward.

#### *1.5.1.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2016/17 MTREF the indicative outcome is a surplus excluding depreciation off sets of R11 million, R14 million and R10 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *1.5.1.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above the percentage for the 2016/17 MTREF is -1,1.3 and 1.1 for the outer years. The outcome is lower than it should be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### *1.5.1.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is 82.9 per cent for each of the respective financial years. Given that the assumed collection rate for rates and service charges was based on a 90 per cent performance target, the cash flow statement has been conservatively determined.

#### *1.5.1.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at an average of 16.1 per cent over the MTREF.

#### *1.5.1.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

#### *1.5.1.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 48.8 per cent of own funded capital.

#### *1.5.1.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

#### *1.5.1.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

#### *1.5.1.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table SA34C on page 73. As previously illustrated the municipality has a relatively low expenditure percentage on Repairs and Maintenance projected for 2016/17 (3.1%).

#### *1.5.1.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table SA34b on page 72.



## 12. Expenditure on allocations and grant programmes

Expenditure on allocations and grant programmes (Table SA19)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>57,084</b>	<b>76,673</b>	<b>71,353</b>	<b>74,080</b>	<b>73,854</b>	<b>73,854</b>	<b>77,141</b>	<b>84,398</b>	<b>91,041</b>
Local Government Equitable Share	53,343	57,262	62,481	63,909	63,909	63,909	69,861	76,742	83,058
Finance Management	1,641	1,223	1,600	1,404	1,404	1,404	1,426	1,700	1,700
Municipal Systems Improvement	941	814	825	816	816	816	–	–	–
Expanded Public Works Programme	1,160	1,000	1,097	1,086	1,086	1,086	1,104	–	–
SETA	–	–	–	1,645	1,645	1,645	–	–	–
MIG Operational	–	–	878	750	750	750	–	–	–
Municipal Disaster Recovery	–	–	439	–	–	–	658	–	–
VAT on operating grants	–	1,555	51	311	311	311	199	–	–
VAT on capital grants	–	14,820	3,981	4,160	3,935	3,935	3,893	5,956	6,283
Other transfers/grants [insert desc]	–	–	–	–	–	–	–	–	–
<b>Provincial Government:</b>	<b>6,065</b>	<b>40,857</b>	<b>36,991</b>	<b>62,234</b>	<b>84,819</b>	<b>84,819</b>	<b>52,461</b>	<b>65,148</b>	<b>52,001</b>
Community Development Worker Grant	142	159	181	126	159	159	113	113	113
Library Services Grant	5,671	6,150	5,873	6,539	6,819	6,819	7,535	7,146	7,445
Proclaimed Main Roads	108	68	92	114	114	114	117	–	–
Finance Management	–	572	853	–	1,831	1,831	–	–	–
Housing	–	33,769	29,543	54,743	74,584	74,584	44,364	57,437	44,083
Municipal Infrastructure Support Grant	–	69	448	–	–	–	–	–	–
Violence Prevention through Urban Upgrading	–	–	–	500	500	500	–	–	–
Thusong Service Centres Grant	–	–	–	212	312	312	212	212	–
Municipal Capacity Building Grant	–	–	–	–	–	–	120	240	360
Spatial Dev Framework	–	30	–	–	500	500	–	–	–
Botrivier Development Contribution	–	39	–	–	–	–	–	–	–
Sport and culture	144	–	–	–	–	–	–	–	–
Other transfers/grants [insert desc]	–	–	–	–	–	–	–	–	–
<b>District Municipality:</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
[insert description]	–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b>	<b>1,780</b>	<b>1,650</b>	<b>1,341</b>	<b>72</b>	<b>469</b>	<b>469</b>	<b>960</b>	<b>907</b>	<b>961</b>
IDC Grant	165	368	54	–	–	–	–	–	–
DBSA Local Economic Development	368	118	18	–	–	–	–	–	–
HAN	837	931	990	72	469	469	105	–	–
SETA	409	232	279	–	–	–	855	907	961
DBSA GIS	–	1	–	–	–	–	–	–	–
<b>Total operating expenditure of Transfers and Grants</b>	<b>64,929</b>	<b>119,180</b>	<b>109,684</b>	<b>136,386</b>	<b>159,142</b>	<b>159,142</b>	<b>130,563</b>	<b>150,452</b>	<b>144,003</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>43,388</b>	<b>27,679</b>	<b>29,598</b>	<b>29,717</b>	<b>28,106</b>	<b>28,106</b>	<b>27,153</b>	<b>29,810</b>	<b>30,127</b>
Municipal Infrastructure Grant (MIG)	28,092	21,939	21,404	21,822	21,822	21,822	21,451	23,670	24,864
Integrated National Electrification Programme	3,000	–	3,421	4,386	4,386	4,386	5,702	6,140	5,263
Regional Bulk Infrastructure	10,500	5,695	4,773	3,509	1,898	1,898	–	–	–
Neighbourhood Development Partnership	1,796	1	–	–	–	–	–	–	–
Municipal Systems Improvement	–	44	–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]	–	–	–	–	–	–	–	–	–
<b>Provincial Government:</b>	<b>38,808</b>	<b>21,234</b>	<b>30,074</b>	<b>8,900</b>	<b>11,682</b>	<b>11,682</b>	<b>7,213</b>	<b>9,338</b>	<b>7,167</b>
Housing	37,308	18,589	29,555	8,900	11,682	11,682	7,213	9,338	7,167
Impound Facility	–	426	–	–	–	–	–	–	–
Proclaimed Main Roads	–	–	–	–	–	–	–	–	–
Community Centre	–	2,220	–	–	–	–	–	–	–
Sportfields	–	–	–	–	–	–	–	–	–
Public Transport Infrastructure Grant	1,500	–	–	–	–	–	–	–	–
Municipal Infrastructure Support Grant	–	–	518	–	–	–	–	–	–
<b>District Municipality:</b>	<b>–</b>	<b>62</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Multi-purpose bus	–	62	–	–	–	–	–	–	–
<b>Other grant providers:</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
0	–	–	–	–	–	–	–	–	–
<b>Total capital expenditure of Transfers and Grants</b>	<b>82,196</b>	<b>48,975</b>	<b>59,671</b>	<b>38,617</b>	<b>39,788</b>	<b>39,788</b>	<b>34,366</b>	<b>39,148</b>	<b>37,294</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>147,126</b>	<b>168,155</b>	<b>169,355</b>	<b>175,003</b>	<b>198,931</b>	<b>198,931</b>	<b>164,928</b>	<b>189,600</b>	<b>181,297</b>

Salaries, allowances & benefits (political office bearers, councillors/senior managers)(Table SA23)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4	1	676,916	–	29,417			706,333
Chief Whip		–	–	–	–			–
Executive Mayor		1	846,146	–	29,417			875,563
Deputy Executive Mayor		1	676,916	–	29,417			706,333
Executive Committee		5	3,173,050	–	147,084			3,320,134
Total for all other councillors		19	4,823,026		558,917			5,381,943
<b>Total Councillors</b>	8	27	10,196,054	–	794,252			10,990,306
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)		1	1,372,464	74,704	171,340	127,943		1,746,451
Chief Finance Officer		1	915,850	126,045	114,480	91,484		1,247,859
Director Operational Services		1	916,635	165,154	95,430	93,234		1,270,453
Director Technical Services		1	1,220,880	42,796	133,560	110,412		1,507,648
Director Development Services		1	992,837	163,543	131,017	101,880		1,389,277
Director Corporate Services		1	1,093,628	136,994	63,600	102,313		1,396,535
<b>Total Senior Managers of the Municipality</b>	8,10	6	6,512,294	709,236	709,427	627,266		8,558,223

## Summary councillor and staff benefits (Table SA22)

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		6,037	6,657	7,087	9,619	8,169	8,169	10,196	10,706	11,241
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		1,005	1,025	959	—	950	950	—	—	—
Cellphone Allowance		368	522	527	860	560	560	794	834	876
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
<b>Sub Total - Councillors</b>		<b>7,410</b>	<b>8,203</b>	<b>8,573</b>	<b>10,479</b>	<b>9,679</b>	<b>9,679</b>	<b>10,990</b>	<b>11,540</b>	<b>12,117</b>
<b>% increase</b>	4		<b>10.7%</b>	<b>4.5%</b>	<b>22.2%</b>	<b>(7.6%)</b>	<b>—</b>	<b>13.5%</b>	<b>5.0%</b>	<b>5.0%</b>
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		3,590	5,280	5,706	6,084	6,084	6,084	6,512	6,968	7,456
Pension and UIF Contributions		384	579	613	341	341	341	364	390	417
Medical Aid Contributions		94	145	151	129	129	129	140	149	160
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	614	755	597	597	597	627	671	718
Motor Vehicle Allowance	3	443	596	596	638	638	638	632	676	723
Cellphone Allowance	3	233	225	41	101	101	101	44	47	50
Housing Allowances	3	18	22	22	23	23	23	23	24	26
Other benefits and allowances	3	93	177	177	141	141	141	217	232	248
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>		<b>4,856</b>	<b>7,639</b>	<b>8,060</b>	<b>8,054</b>	<b>8,054</b>	<b>8,054</b>	<b>8,558</b>	<b>9,157</b>	<b>9,798</b>
<b>% increase</b>	4		<b>57.3%</b>	<b>5.5%</b>	<b>(0.1%)</b>	<b>—</b>	<b>—</b>	<b>6.3%</b>	<b>7.0%</b>	<b>7.0%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		70,469	74,802	82,750	92,945	90,096	90,096	102,366	111,709	122,496
Pension and UIF Contributions		12,255	13,338	14,588	18,890	18,396	18,396	20,484	22,348	24,488
Medical Aid Contributions		3,261	3,627	4,068	4,342	4,494	4,494	5,053	5,510	6,037
Overtime		3,199	4,265	5,232	4,621	5,972	5,972	5,888	6,418	7,027
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	4,303	4,467	4,975	4,820	5,387	5,387	5,678	6,202	6,808
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowances	3	522	489	507	556	1,364	1,364	1,544	1,683	1,843
Other benefits and allowances	3	5,650	8,993	9,506	11,631	11,627	11,627	10,693	11,673	12,805
Payments in lieu of leave		—	1,329	1,947	—	2,000	2,000	2,200	2,398	2,626
Long service awards		542	607	505	862	976	976	999	1,063	1,132
Post-retirement benefit obligations	6	4,669	5,011	6,586	7,000	7,000	7,000	8,180	8,719	9,314
<b>Sub Total - Other Municipal Staff</b>		<b>104,869</b>	<b>116,928</b>	<b>130,664</b>	<b>145,667</b>	<b>147,313</b>	<b>147,313</b>	<b>163,084</b>	<b>177,722</b>	<b>194,577</b>
<b>% increase</b>	4		<b>11.5%</b>	<b>11.7%</b>	<b>11.5%</b>	<b>1.1%</b>	<b>—</b>	<b>10.7%</b>	<b>9.0%</b>	<b>9.5%</b>
<b>Total Parent Municipality</b>		<b>117,135</b>	<b>132,771</b>	<b>147,298</b>	<b>164,200</b>	<b>165,046</b>	<b>165,046</b>	<b>182,632</b>	<b>198,419</b>	<b>216,492</b>
			<b>13.3%</b>	<b>10.9%</b>	<b>11.5%</b>	<b>0.5%</b>	<b>—</b>	<b>10.7%</b>	<b>8.6%</b>	<b>9.1%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>117,135</b>	<b>132,771</b>	<b>147,298</b>	<b>164,200</b>	<b>165,046</b>	<b>165,046</b>	<b>182,632</b>	<b>198,419</b>	<b>216,492</b>
<b>% increase</b>	4		<b>13.3%</b>	<b>10.9%</b>	<b>11.5%</b>	<b>0.5%</b>	<b>—</b>	<b>10.7%</b>	<b>8.6%</b>	<b>9.1%</b>
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>109,725</b>	<b>124,568</b>	<b>138,725</b>	<b>153,721</b>	<b>155,367</b>	<b>155,367</b>	<b>171,642</b>	<b>186,879</b>	<b>204,375</b>

# Summary of personnel numbers (Table SA24)

Summary of Personnel Numbers		Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)			25	–	–	25	–	–	25	–	–
Board Members of municipal entities		4	–	–	–	–	–	–	–	–	–
<b>Municipal employees</b>											
Municipal Manager and Senior Managers		5									
Other Managers		3	6	–	6	6	–	6	6	–	6
Professionals		7	23	23	–	23	23	–	29	27	–
Finance			158	158	2	176	176	–	179	179	–
Spatial/town planning			6	6	–	6	6	–	6	6	–
Information Technology			6	6	–	10	10	–	12	12	–
Roads			2	2	2	4	4	–	4	4	–
Electricity			28	28	–	31	31	–	31	31	–
Water			19	19	–	21	21	–	21	21	–
Sanitation			45	45	–	45	45	–	45	45	–
Refuse			16	16	–	16	16	–	16	16	–
Other			11	11	–	11	11	–	11	11	–
Technicians			25	25	–	32	32	–	33	33	–
Finance			115	115	16	118	118	15	118	118	12
Spatial/town planning			57	57	4	57	57	3	57	57	–
Information Technology											
Roads			16	16	2	16	16	2	16	16	2
Electricity											
Water											
Sanitation											
Refuse											
Other			42	42	10	45	45	10	45	45	10
Clerks (Clerical and administrative)			44	44	–	44	44	–	51	51	–
Service and sales workers			68	68	2	68	68	2	68	68	–
Skilled agricultural and fishery workers			–	–	–	–	–	–	–	–	–
Craft and related trades			–	–	–	–	–	–	–	–	–
Plant and Machine Operators			36	36	–	36	36	–	36	36	–
Elementary Occupations			143	143	–	155	155	–	155	155	–
<b>TOTAL PERSONNEL NUMBERS</b>		9	<b>618</b>	<b>587</b>	<b>26</b>	<b>651</b>	<b>620</b>	<b>23</b>	<b>667</b>	<b>634</b>	<b>18</b>
<b>% increase</b>						5.3%	5.6%	(11.5%)	2.5%	2.3%	(21.7%)
<b>Total municipal employees headcount</b>		6, 10									
Finance personnel headcount		8, 10	57	57	5	57	57	5	57	57	5
Human Resources personnel headcount		8, 10	6	6	1	6	6	2	6	6	2

### **13. Annual Budgets and Service delivery and Budget Implementation plans- Internal Departments**

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The Functional performance of the municipality provides comprehensive information on the implementation of the SDBIP and the relevant Functional Area reporting schedule:

- a. A detailed departmental SDBIP will be available on the website of TWK Municipality.

The functional breakdown per Directorate is as follows:

#### **Corporate Service:**

##### **Legal Advisory**

- Both the Director and deputy Director Corporate Services are the Legal Officers for the organisation and provide legal support to all Directorates

##### **Administration**

- Give administrative support to the Council and its political structures
- Corporate support for other Directorates and Town offices
- Provision of secretariat services to all directorates
- The management of the municipality's incoming and outgoing mail including the distribution and dispatch of correspondence to and from the public
- The management of access to records
- The management of Security and Cleaning Services

##### **Human Resources**

- Ensuring a skilled workforce through training and selection
- Ensuring sound HR administration
- Ensuring an informed labour force by practicing sound labour relations
- Ensuring a sound organisational structure

##### **Information Technology**

- The Information Technology department serves as support function for the whole of the organization:
- Maintaining the IT and communication Infrastructure
- Facilitate the integration of information systems
- Establishing and maintaining proper backup procedures and systems
- Ensuring information security

#### **Development Services:**

##### **Integrated Development Planning**

This department provides a unique support service to all departments, community and council. It is responsible for the coordination and management of the IDP process, Organisational Performance Management, Annual Reporting, Service Delivery and Budget Implementation Plan, and Social Development

##### **Local Economic Development (LED) and Tourism**

- Create an enabling environment for economic development
- Increase economic opportunities for people

- Promote intergovernmental collaboration
- Build local Capacity
- Encourage PPP in Local economic Development
- Monitor and evaluate LED strategy.
- Capacitate SMME's

#### **Housing and Integrated Human Settlement**

- The function of this department is to facilitate, manage and maintain low cost housing development within the Theewaterskloof Municipality

#### **Property Management**

- The Property Management section has to ensure that Municipal owned immovable assets are managed efficiently, effectively and economically and are dealt with in a manner which will ensure the maximum benefit to the municipality and the community

### **Financial Services:**

#### **Expenditure and Supply Chain Management**

- Salaries: Implementation of approved payroll, paying of salaries, allowances and accounting for payroll implementation
- Creditors: Payment and recording of creditors' payments and reconciliations
- Supply Chain Management: Responsible for the Administration and Management of Procurement of goods and services (i.e. Acquisition Management in particular)
- Bank Reconciliation
- Administration and Management of Investments
- Administration and Management of Loans
- Maintain Professionalism, Honesty, Integrity and Internal Controls

#### **Revenue Management**

- Facilitation and application for Municipal Services
- Debtors Billing Administration and Management
- Meter Reading
- Administration of Clearance Certificates
- Rendering of Monthly Consumer / Rates Debtors Accounts
- Debtors Customer Care and Query Administration
- Receipting and bank revenue management
- Credit Control, Debt Collection and Indigents Management
- Maintain Professionalism, Honesty, Integrity and Internal Controls

#### **Budget Office**

- Budget
- In-year Reporting
- Annual Financial Statements,
- Budgetary Management and Control
- Asset Management
- Insurance Management
- Costing Services (commenced in September 2009)
- Financial Viability
- Co-ordinate Financial Policy Formulation

- Financial Management Workshops under leadership of CFO
- Maintain Professionalism, Honesty, Integrity and Internal Controls

### **Technical Service:**

#### **Water Distribution and Treatment**

- (Supply potable water in accordance with (SABS 241) to the residents within its jurisdiction. In terms of Schedule 4B of the Constitution: “Water and Sanitation Services limited to potable water supply systems”)

#### **Roads**

- The Theewaterskloof Municipality is responsible for the roads and storm water reticulation within the towns of the WC031 established municipal area. The Roads and Storm water Division functions as a division on its own headed by the Assistant manager of each town. This unit has 85 trained technical, artisans and other operational staff

#### **Electricity Distribution**

The electricity purchase and distribution functions of the municipality are administered as follows and include:

- The effective and efficient distribution and reticulation of energy in the following towns (Caledon, Villiersdorp, Greyton and Riviersonderend. Grabouw, Genadendal, Tesselaarsdal, Botrivier and Middleton reside within Eskom jurisdiction)
- Distribute electricity subject to the license conditions set by NERSA

#### **Electricity/Street lighting**

- Provide adequate street lighting for urban areas
- Maintain/Repair of faulty street lights
- Upgrade of existing services as well as new developments
- These services extend to include Theewaterskloof (Caledon, Greyton, Riviersonderend and Villiersdorp, but do not take account rural areas such as Tesselaarsdal, Botrivier, Grabouw, Genadendal which resides within the jurisdiction of provincial Government

#### **Waste Water Management (Sewerage)**

- Theewaterskloof Municipality provides sewerage collection systems, comprising water borne sewer networks, bucket removal system and vacuum tanker service where necessary, and treats the collected effluent at 7 sewage treatment plants. Further services include the provision and maintenance of communal toilets in informal areas

#### **Solid Waste Management**

- Theewaterskloof municipality is responsible for the day to day operations in every town and for the removal and collection of the waste, cleaning of road reserves and most public open places. There are three Transfer-stations in the Municipal jurisdiction, one in Grabouw, Villiersdorp and the other in Botriver. Caledon has a licensed waste site but Genadendal, Greyton and Riviersonderend is not permitted yet.

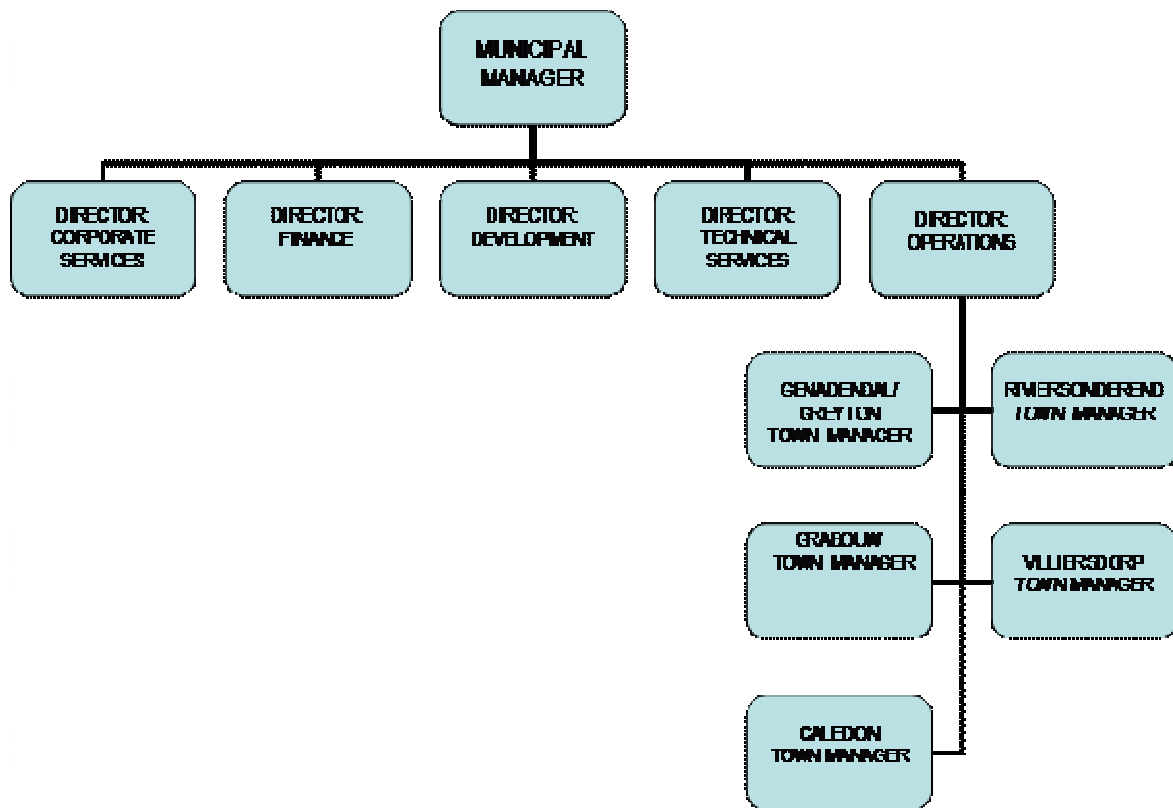
#### **Fleet Management**

- To manage and maintain all fleet of the municipality.
- To provide sufficient municipal services to all residence within the municipal boundary.

### **OPERATIONS**

- Responsible for the day-to-day to service delivery within all Theewaterskloof Towns.

## Senior Management Capability and Structure





## 14. Capital expenditure details

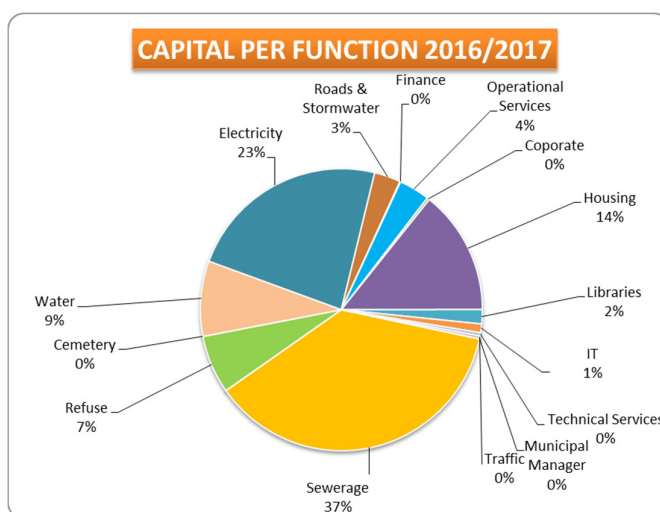
In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

### Capital Budget

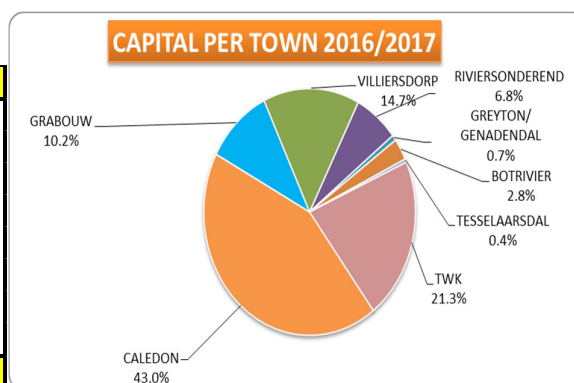
The capital budget per function, town and per funding source is illustrated below:

The Capital Budget decreased from R79, 791 million in 2015/16 (adjustment) to R50, 579 million in 2016/17, R39, 148 million in 2017/18 and R37, 294 million in 2018/2019.

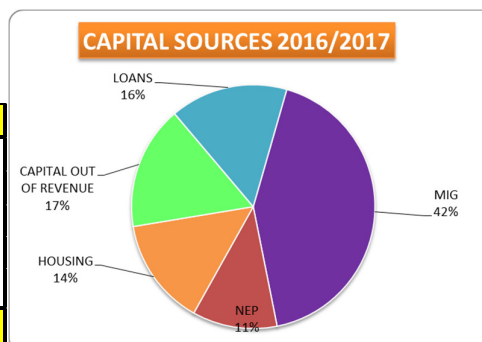
CAPITAL PER FUNCTION	2016/2017
Sewerage	18,679,602
Refuse	3,385,970
Cemetery	-
Water	4,364,440
Electricity	11,743,410
Roads & Stormwater	1,526,320
Finance	40,297
Operational Services	1,787,500
Coporate	144,300
Housing	7,212,660
Libraries	826,000
IT	510,000
Technical Services	188,500
Traffic	160,000
Municipal Manager	10,000
	<b>50,578,999</b>



CAPITAL PER TOWN	2016/2017
CALEDON	21,762,855
GRABOUW	5,144,570
VILLIERSDORP	7,425,880
RIVIERSONDEREND	3,424,517
GREYTON/ GENADENDAL	369,300
BOTRIVIER	1,434,600
TESSELAARSDAL	219,300
TWK	10,797,977
	<b>50,578,999</b>

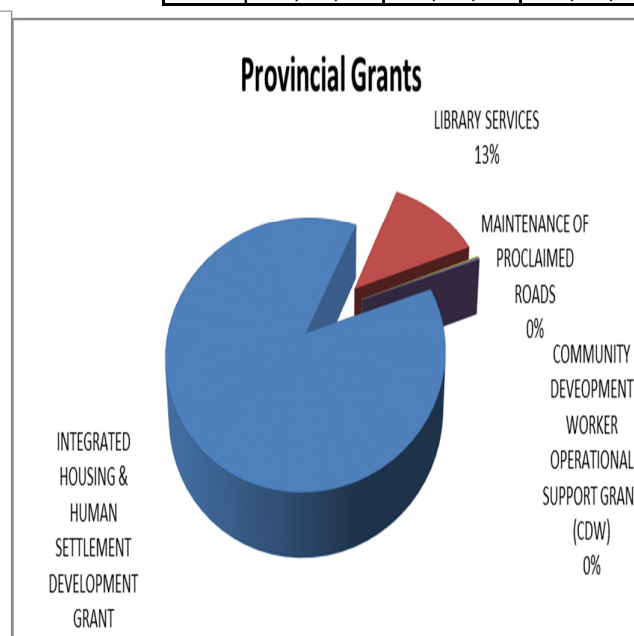
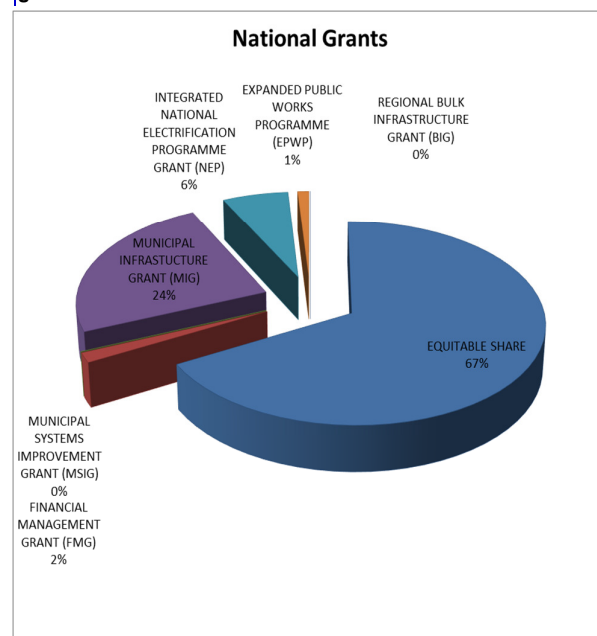


CAPITAL SOURCES	2016/2017
MIG	21,450,877
NEP	5,702,000
HOUSING	7,212,660
CAPITAL OUT OF REVENUE	8,304,497
LOANS	7,908,965
	<b>50,578,999</b>



The table below reflects the 2015 Division of Revenue Act Grant Allocations

GRANT		2016/2017	2017/2018	2018/2019
		BUDGET R'000	BUDGET R'000	Budget R'000
EQUITABLE SHARE		69,861,000	76,742,000	83,058,000
EQUITABLE SHARE FORMULA	OPEX	69,861,000	76,742,000	83,058,000
SPECIAL SUPPORT FOR COUNCILLOR REMUNERATION	OPEX	-	-	-
FINANCIAL MANAGEMENT GRANT (FMG)	OPEX	1,625,000	1,700,000	1,700,000
MUNICIPAL SYSTEMS IMPROVEMENT GRANT (MSIG)	OPEX	-	-	-
MUNICIPAL INFRASTRUCTURE GRANT (MIG)		25,204,000	26,984,000	28,346,000
OPERATING	OPEX	657,880	-	-
CAPITAL	CAPEX	24,546,120	26,984,000	28,346,000
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (NEP)	CAPEX	6,500,000	7,000,000	6,000,000
EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	OPEX	1,104,000	-	-
REGIONAL BULK INFRASTRUCTURE GRANT (BIG)	CAPEX	-	-	-
<b>TOTAL NATIONAL GRANTS</b>		<b>104,294,000</b>	<b>112,426,000</b>	<b>119,104,000</b>
<b>PROVINCIAL ALLOCATIONS</b>				
INTEGRATED HOUSING & HUMAN SETTLEMENT DEVELOPMENT GRANT		51,577,000	66,775,000	51,250,000
INTEGRATED HOUSING: OPERATIONAL	OPEX	44,364,340	57,437,012	44,083,068
INTEGRATED HOUSING: CAPITAL	CAPEX	7,212,660	9,337,988	7,166,932
LIBRARY SERVICES	OPEX	7,535,000	7,146,000	7,445,000
COMMUNITY DEVELOPMENT WORKER OPERATIONAL SUPPORT GRANT (CDW)	OPEX	113,000	113,000	113,000
MAINTENANCE OF PROCLAIMED ROADS	OPEX	117,000	-	-
VPUU	OPEX	-	-	-
THUSONG CENTRE (OPERATIONAL)	OPEX	212,000	212,000	-
FINANCIAL MANAGEMENT CAPACITY BUILDING GRANT	OPEX	120,000	240,000	360,000
<b>TOTAL PROVINCIAL GRANTS</b>		<b>59,674,000</b>	<b>74,486,000</b>	<b>59,168,000</b>
<b>OTHER GRANT PROVIDERS</b>				
HAN	OPEX	105,000	-	-
SETA	OPEX	-	-	-
<b>TOTAL OTHER GRANT PROVIDERS</b>		<b>105,000</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>		<b>164,073,000</b>	<b>186,912,000</b>	<b>178,272,000</b>
<b>NOTE: Allocations for Conditional Grants are only made for one year and the amounts published for the outer years in the schedules of the Division of Revenue Act (DORA) are published for indicative purposes only and are not guaranteed.</b>		OPEX	125,814,220	143,590,012
		CAPEX	38,258,780	43,321,988
		<b>TOTAL</b>	<b>164,073,000</b>	<b>186,912,000</b>



## 15. Capital expenditure details

The following three tables present details of the Theewaterskloof's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Capital expenditure on new assets by asset class (Table SA34a)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>37,278</b>	<b>36,202</b>	<b>33,320</b>	<b>32,057</b>	<b>39,053</b>	<b>39,053</b>	<b>28,622</b>	<b>38,348</b>	<b>36,494</b>
Infrastructure - Road transport	-	-	-	3,800	983	983	1,526	16,520	15,439
Roads, Pavements & Bridges	-	-	-	800	800	800	-	-	-
Storm water	-	-	-	3,000	183	183	1,526	16,520	15,439
Infrastructure - Electricity	3,672	2,196	3,764	8,830	10,657	10,657	7,904	6,140	5,263
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	3,672	1,293	3,764	8,000	9,692	9,692	6,500	6,140	5,263
Street Lighting	-	903	-	830	965	965	1,404	-	-
Infrastructure - Water	297	7,077	-	4,026	6,568	6,568	4,364	250	-
Dams & Reservoirs	-	-	-	3,526	5,136	5,136	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	297	7,077	-	500	1,432	1,432	4,364	250	-
Infrastructure - Sanitation	196	9,962	-	6,500	9,163	9,163	6,510	4,000	8,625
Reticulation	196	-	-	6,500	9,163	9,163	6,510	4,000	8,625
Sewerage purification	-	9,962	-	-	-	-	-	-	-
Infrastructure - Other	33,113	16,967	29,555	8,900	11,682	11,682	8,318	11,438	7,167
Waste Management	-	-	-	-	-	-	1,105	2,100	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	33,113	16,967	29,555	8,900	11,682	11,682	7,213	9,338	7,167
<b>Community</b>	<b>3,258</b>	<b>5,625</b>	<b>10,475</b>	<b>797</b>	<b>4,219</b>	<b>4,219</b>	<b>-</b>	<b>800</b>	<b>800</b>
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	3,309	10,303	797	3,439	3,439	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	3,258	2,316	158	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	14	-	780	780	-	800	800
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>1,187</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development	-	-	-	-	-	-	-	-	-
Other	1,187	-	-	-	-	-	-	-	-
<b>Other assets</b>	<b>3,378</b>	<b>3,866</b>	<b>3,247</b>	<b>6,000</b>	<b>9,804</b>	<b>9,804</b>	<b>3,846</b>	<b>-</b>	<b>-</b>
General vehicles	-	-	96	2,000	5,904	5,904	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	852	957	957	510	-	-
Furniture and other office equipment	1,630	2,449	2,985	2,748	2,633	2,633	3,336	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	847	1,417	166	-	310	310	-	-	-
Other Buildings	170	-	-	-	-	-	-	-	-
Other Land	-	-	-	400	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	731	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class	-	-	-	-	-	-	-	-	-
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class	-	-	-	-	-	-	-	-	-
<b>Intangibles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>45,101</b>	<b>45,693</b>	<b>47,041</b>	<b>38,853</b>	<b>53,076</b>	<b>53,076</b>	<b>32,469</b>	<b>39,148</b>	<b>37,294</b>

# Capital expenditure on renewal of existing assets by asset class (Table SA34b)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>42,527</b>	<b>16,718</b>	<b>25,390</b>	<b>22,120</b>	<b>25,514</b>	<b>25,514</b>	<b>18,110</b>	<b>-</b>	<b>-</b>
Infrastructure - Road transport	8,296	5,192	3,303	-	2,946	2,946	-	-	-
Roads, Pavements & Bridges	8,296	5,192	3,303	-	2,946	2,946	-	-	-
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	4,221	1,843	3,522	2,620	2,881	2,881	3,660	-	-
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	4,221	1,843	3,522	2,620	2,881	2,881	3,660	-	-
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	8,762	1,039	2,526	500	4,083	4,083	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	8,762	1,039	2,526	500	4,083	4,083	-	-	-
Infrastructure - Sanitation	20,901	8,644	16,039	16,000	12,604	12,604	12,169	-	-
Reticulation	-	-	16,039	16,000	12,604	12,604	12,169	-	-
Sewerage purification	20,901	8,644	-	-	-	-	-	-	-
Infrastructure - Other	347	-	-	3,000	3,000	3,000	2,281	-	-
Waste Management	347	-	-	3,000	3,000	3,000	2,281	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Community</b>	<b>695</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,200</b>	<b>1,200</b>	<b>-</b>	<b>-</b>	<b>-</b>
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	695	-	-	-	1,200	1,200	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	<b>-</b>	<b>536</b>	<b>696</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
General vehicles	-	216	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	320	696	-	-	-	-	-	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class	-	-	-	-	-	-	-	-	-
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class	-	-	-	-	-	-	-	-	-
<b>Intangibles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing</b>	<b>43,221</b>	<b>17,254</b>	<b>26,086</b>	<b>22,120</b>	<b>26,714</b>	<b>26,714</b>	<b>18,110</b>	<b>-</b>	<b>-</b>

# Repairs and maintenance expenditure by asset class (Table SA34c)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>7,996</b>	<b>7,003</b>	<b>11,152</b>	<b>12,003</b>	<b>10,845</b>	<b>10,845</b>	<b>11,166</b>	<b>11,571</b>	<b>12,149</b>
Infrastructure - Road transport	3,731	3,714	5,946	5,323	5,288	5,288	5,409	5,526	5,802
Roads, Pavements & Bridges	3,731	3,714	5,946	5,323	5,288	5,288	5,409	5,526	5,802
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	907	167	976	2,680	1,371	1,371	1,538	1,615	1,696
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	907	167	976	2,680	1,371	1,371	1,538	1,615	1,696
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	1,659	1,490	1,928	1,716	1,716	1,716	1,685	1,769	1,857
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	1,659	1,490	1,928	1,716	1,716	1,716	1,685	1,769	1,857
Infrastructure - Sanitation	1,617	1,514	2,198	2,138	2,324	2,324	2,375	2,494	2,618
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	1,617	1,514	2,198	2,138	2,324	2,324	2,375	2,494	2,618
Infrastructure - Other	82	119	105	147	147	147	159	167	175
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	82	119	105	147	147	147	159	167	175
<b>Community</b>	<b>764</b>	<b>737</b>	<b>1,006</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>950</b>	<b>998</b>	<b>1,047</b>
Parks & gardens	764	737	1,006	1,100	1,100	1,100	950	998	1,047
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	<b>9,089</b>	<b>10,672</b>	<b>10,210</b>	<b>13,310</b>	<b>13,967</b>	<b>13,967</b>	<b>14,441</b>	<b>15,163</b>	<b>15,922</b>
General vehicles	3,895	3,308	3,812	5,091	5,585	5,585	5,575	5,853	6,146
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	228	79	131	271	271	271	182	191	201
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	4,902	7,180	6,122	7,797	7,961	7,961	8,535	8,961	9,409
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	64	105	145	150	150	150	150	158	165
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class	-	-	-	-	-	-	-	-	-
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class	-	-	-	-	-	-	-	-	-
<b>Intangibles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>17,849</b>	<b>18,412</b>	<b>22,368</b>	<b>26,413</b>	<b>25,912</b>	<b>25,912</b>	<b>26,557</b>	<b>27,732</b>	<b>29,118</b>

## Capital expenditure details (Table SA36)

Municipal Vote/Capital project  R thousand	Program/Project description	Asset Class  3	Asset Sub-Class  3	GPS co-ordinates  5	2016/17 Medium Term Revenue & Expenditure Framework			Project information	
					Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
<i>Vote 1 - Executive &amp; Council</i>									
	Inventory Items - Municipal	Other assets	Furniture and other office equipment	-34.23204, 19.42918	10			All	New
	Inventory Items - Technial Services	Other assets	Furniture and other office equipment		189			All	New
	Inventory Items - Caledon	Other assets	Furniture and other office equipment		340			Caledon	New
	Inventory Items - Greyton/	Other assets	Furniture and other office equipment		150			Greyton/Gendental	New
	Inventory Items - Corporate	Other assets	Furniture and other office equipment		144			All	New
	Inventory Items - Grabouw	Other assets	Furniture and other office equipment		320			Grabouw	New
	Inventory Items - Riviersonderend	Other assets	Furniture and other office equipment		200			Riviersonderend	New
	Inventory Items - Villiersdorp	Other assets	Furniture and other office equipment		778			Villierdorp	New
<i>Vote 2 - Finance &amp; Admin</i>									
	Inventory Items - Finance	Other assets	Furniture and other office equipment		40			All	New
	Inventory Items - IT	Other assets	Computers - hardware/equipment		510			All	New
<i>Vote 3 - Planning &amp; Development</i>									
<i>Vote 4 - Community &amp; Social Services</i>									
	Inventory Items - Library	Other assets	Furniture and other office equipment		826			All	New
	Ex pansion of Cemetery Caledon	Community	Cemeteries		-	400	400	Caledon	New
	Ex pansion of Cemetery Grabouw	Community	Cemeteries		-	400	400	Grabouw	New
<i>Vote 5 - Housing</i>									
	Low cost housing projects	Infrastructure - Other	Other		7,213	9,338	7,167	All	New
<i>Vote 6 - Public Safety</i>									
	Inventory Items - Traffic	Other assets	Furniture and other office equipment		160			All	New

Municipal Vote/Capital project  R thousand	Program/Project description	Asset Class  3	Asset Sub-Class  3	GPS co-ordinates  5	2016/17 Medium Term Revenue & Expenditure Framework			Project information	
					Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
<i>Vote 7 - Sport &amp; Recreation</i>									
<i>Vote 9 - Waste Management</i>									
	New Waste Transfer Station, Caledon Upgrade Waste Transfer Station, Grabouw	<i>Infrastructure - Other</i> <i>Infrastructure - Other</i>	<i>Waste Management</i> <i>Waste Management</i>		1,105 2,281	2,100	–	Caledon Grabouw	New Renewal
<i>Vote 10 - Waste Water Management</i>									
	Replacement of existing bulk sewer pipe line between Caledon/Myddleton and the Waste Water Treatment Works Upgrading of Bulk Sewerage New bulk sewer pipe line for low - New bulk sewer system for low - New bulk sewer system for the	<i>Infrastructure - Sanitation</i> <i>Infrastructure - Sanitation</i> <i>Infrastructure - Sanitation</i> <i>Infrastructure - Sanitation</i> <i>Infrastructure - Sanitation</i>	<i>Reticulation</i> <i>Reticulation</i> <i>Reticulation</i> <i>Reticulation</i> <i>Reticulation</i>		5,702 5,766 – 702 1,326 5,184			Caledon Botrivier Grabouw Riviersonderend Villiersdorp	Renewal Renewal Renewal Renewal New New
<i>Vote 11 - Roads Transport</i>									
	Upgrading of storm water systems in the TWK municipal area	<i>Infrastructure - Road transport</i>	<i>Storm water</i>		1,526	16,520	15,439	All	New

Municipal Vote/Capital project  R thousand	Program/Project description	Asset Class  3	Asset Sub-Class  3	GPS co-ordinates  5	2016/17 Medium Term Revenue & Expenditure Framework			Project information	
					Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Vote 12 - Water									
Vote 13 - Electricity	New bulk water connector pipe line for the low-cost housing development at New France	Infrastructure - Water	Reticulation		1,435	250		Botrivier	New
	Water source investigation	Infrastructure - Water	Reticulation		219			Genadendal	
	New bulk water pipe line for low-cost housing development at Water Works	Infrastructure - Water	Reticulation		439			Grabouw	New
	New bulk water pipe line for low-cost housing development at Erf 289	Infrastructure - Water	Reticulation		1,439			Riviersonderend	New
	Water source development	Infrastructure - Water	Reticulation		219			Tesselaarsdal	New
	New bulk water system for the proposed low-cost housing development at Destiny Farm	Infrastructure - Water	Reticulation		614			Villiersdorp	New
	Upgrading en replacement of 11kV ringfeed in central business area (Victoriastreet)	Infrastructure - Electricity	Transmission & Reticulation		1,850	6,140	5,263	Caledon	Renewal
	Replace miniasture substation in Basil New markstreet	Infrastructure - Electricity	Transmission & Reticulation		500			Caledon	Renewal
	Electrification of Santa	Infrastructure - Electricity	Street Lighting		6,500			Caledon	New
	Replace Switchgear in MS industrial	Infrastructure - Electricity	Transmission & Reticulation		850			Villiersdorp	Renewal
	Replace and upgrade network, De La Vigne	Infrastructure - Electricity	Transmission & Reticulation		460			Riviersonderend	Renewal
	High mast lighting for low-cost housing development	Infrastructure - Electricity	Transmission & Reticulation		1,404			Grabouw	New
	Inventory Items	Other assets	Furniture and other office equipment		180			All	New
Total Capital expenditure					50,579	39,148	37,294		



## 16. Legislation Compliance Status

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Compliance with the MFMA Implementation requirements has been substantially adhered to through the following activities:

- **Budget and Treasury Office:** A Budget and Treasury Office has been established in accordance with the MFMA.
- **Budgeting:** The annual budget is prepared in accordance with the requirements prescribed by the MFMA and National Treasury.
- **Financial Reporting:** 100% compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- **Annual Report:** The Annual Report is prepared in accordance with the MFMA and National Treasury.
- **Debt Collection:** A Debt Collection unit has been established in accordance with the relative legislation. The staff appointments in the Debt Collection Department have almost been completed and the department is fully functional. Debt collection restructuring is also scheduled to improve the efficiency of the unit and ensure collections and credit control is done at optimal levels.
- **Internal Audit:** The department is fully functional with a Deputy Director, Internal Auditor and a Clerk Internal Audit in order to comply with the MFMA and obtain value for money.
- **Supply Chain Management:** A Functional Supply Chain Management Unit in accordance with the MFMA.
- **Risk Management:** Theewaterskloof Municipality has adopted a Risk Management Policy in August 2009 and official has undergone training. A risk register is compile which identify the top ten risks and is reviewed and monitor regularly.
- **Asset Management:** The Fixed Asset Register is fully GRAP compliant and the Asset Maintenance Plan is in progress in order to comply with legislation.
- **Internship Programme:** Theewaterskloof Municipality is participating in the Municipal Finance Management Internship Programme. Five Interns are employed and are undergoing various training in all sections of the Finance Department.

## 17. Other supporting documents

### a. Tariff list

Refer to Annexure A for a draft list of tariffs to be approved.

### b. Supplementary notes to tables

Supporting detail to budgeted financial performance (Table SA1)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>REVENUE ITEMS:</b>									
<b>Property rates</b>									
Total Property Rates	49,680	59,156	70,188	75,213	76,713	76,713	84,667	90,747	97,232
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	2,073	843	1,419	—	1,500	1,500	902	947	994
<b>Net Property Rates</b>	<b>47,607</b>	<b>58,314</b>	<b>68,769</b>	<b>75,213</b>	<b>75,213</b>	<b>75,213</b>	<b>83,766</b>	<b>89,801</b>	<b>96,238</b>
<b>Service charges - electricity revenue</b>									
Total Service charges - electricity revenue	61,745	66,451	69,168	79,520	79,289	79,289	84,107	89,703	95,607
less Revenue Foregone (in excess of 50 kwh per indigent household per month)	—	—	—	—	—	—	—	—	—
less Cost of Free Basis Services (50 kwh per indigent household per month)	1,376	1,857	2,071	1,562	562	562	3,156	3,408	3,579
<b>Net Service charges - electricity revenue</b>	<b>60,369</b>	<b>64,594</b>	<b>67,096</b>	<b>77,958</b>	<b>78,727</b>	<b>78,727</b>	<b>80,952</b>	<b>86,295</b>	<b>92,028</b>
<b>Service charges - water revenue</b>									
Total Service charges - water revenue	37,200	39,417	45,441	60,847	51,134	51,134	55,269	59,121	63,176
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)	—	—	—	—	—	—	—	—	—
less Cost of Free Basis Services (6 kilolitres per indigent household per month)	2,295	2,331	1,474	7,594	3,294	3,294	8,050	8,694	9,129
<b>Net Service charges - water revenue</b>	<b>34,904</b>	<b>37,087</b>	<b>43,967</b>	<b>53,252</b>	<b>47,840</b>	<b>47,840</b>	<b>47,219</b>	<b>50,427</b>	<b>54,048</b>
<b>Service charges - sanitation revenue</b>									
Total Service charges - sanitation revenue	21,564	23,730	25,581	26,789	28,081	28,081	30,066	33,271	36,084
less Revenue Foregone (in excess of free sanitation service to indigent households)	—	—	—	—	—	—	—	—	—
less Cost of Free Basis Services (free sanitation service to indigent households)	3,538	3,746	4,386	5,933	5,933	5,933	5,494	5,934	6,230
<b>Net Service charges - sanitation revenue</b>	<b>18,025</b>	<b>19,983</b>	<b>21,195</b>	<b>20,856</b>	<b>22,148</b>	<b>22,148</b>	<b>24,572</b>	<b>27,337</b>	<b>29,854</b>
<b>Service charges - refuse revenue</b>									
Total refuse removal revenue	23,190	25,517	26,211	34,812	30,989	30,989	33,681	36,202	38,444
Total landfill revenue	—	—	—	—	—	—	—	—	—
less Revenue Foregone (in excess of one removal a week to indigent households)	—	—	—	—	—	—	—	—	—
less Cost of Free Basis Services (removed once a week to indigent households)	4,730	4,794	4,716	8,963	5,140	5,140	6,287	6,790	7,129
<b>Net Service charges - refuse revenue</b>	<b>18,460</b>	<b>20,723</b>	<b>21,496</b>	<b>25,849</b>	<b>25,849</b>	<b>25,849</b>	<b>27,394</b>	<b>29,412</b>	<b>31,315</b>
<b>Other Revenue by source</b>									
Other Revenue	3,506	4,523	4,293	3,623	3,705	3,705	3,210	3,402	3,605
Public Contributions & Donations	1,364	167	—	—	—	—	—	—	—
Third party payments	401	—	833	334	2,179	2,179	354	375	398
Fair value adjustment	22,517	28,143	—	—	—	—	—	—	—
Reversal of Debt Impairment	—	—	—	—	—	—	—	—	—
<b>Total 'Other' Revenue</b>	<b>27,788</b>	<b>33,060</b>	<b>5,126</b>	<b>3,957</b>	<b>5,884</b>	<b>5,884</b>	<b>3,564</b>	<b>3,777</b>	<b>4,003</b>
<b>EXPENDITURE ITEMS:</b>									
<b>Employee related costs</b>									
Basic Salaries and Wages	74,059	80,082	88,456	99,029	96,181	96,181	108,878	118,677	129,952
Pension and UIF Contributions	12,639	13,917	15,201	19,231	18,737	18,737	20,848	22,737	24,904
Medical Aid Contributions	3,355	3,772	4,219	4,471	4,623	4,623	5,192	5,660	6,197
Overtime	3,199	4,265	5,232	4,621	5,972	5,972	5,888	6,418	7,027
Performance Bonus	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	4,746	5,063	5,571	5,458	6,025	6,025	6,310	6,878	7,531
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	540	511	529	579	1,387	1,387	1,566	1,707	1,870
Other benefits and allowances	5,976	10,010	10,479	12,477	12,466	11,580	12,622	13,922	13,922
Payments in lieu of leave	—	1,329	1,947	—	2,000	2,000	2,200	2,398	2,626
Long service awards	642	607	505	862	976	976	999	1,063	1,132
Post-retirement benefit obligations	4,669	5,011	6,586	7,000	7,000	7,000	8,180	8,719	9,314
<b>sub-total</b>	<b>109,725</b>	<b>124,568</b>	<b>138,725</b>	<b>153,721</b>	<b>155,367</b>	<b>155,367</b>	<b>171,642</b>	<b>186,879</b>	<b>204,375</b>
Less: Employees costs capitalised to PPE	—	—	—	—	—	—	—	—	—
<b>Total Employee related costs</b>	<b>109,725</b>	<b>124,568</b>	<b>138,725</b>	<b>153,721</b>	<b>155,367</b>	<b>155,367</b>	<b>171,642</b>	<b>186,879</b>	<b>204,375</b>
<b>Contributions recognised - capital</b>									
Less: Contributions by contract	—	—	—	—	—	—	—	—	—
<b>Total Contributions recognised - capital</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant & Equipment	8,466	10,284	10,126	17,571	17,743	17,743	17,743	18,487	19,263
Lease amortisation	—	—	—	—	—	—	—	—	—
Capital asset impairment	89,845	22,532	2,483	9,510	15,020	15,020	9,520	9,996	10,496
Depreciation resulting from revaluation of PPE	—	—	—	—	—	—	—	—	—
<b>Total Depreciation &amp; asset impairment</b>	<b>98,311</b>	<b>32,816</b>	<b>12,609</b>	<b>27,081</b>	<b>32,763</b>	<b>32,763</b>	<b>27,263</b>	<b>28,483</b>	<b>29,758</b>
<b>Bulk purchases</b>									
Electricity Bulk Purchases	37,759	41,426	44,583	50,903	50,903	50,903	56,624	61,720	67,274
Water Bulk Purchases	7,575	8,617	10,086	11,350	10,350	10,350	12,790	14,581	16,222
<b>Total bulk purchases</b>	<b>45,334</b>	<b>50,043</b>	<b>54,670</b>	<b>62,253</b>	<b>61,253</b>	<b>61,253</b>	<b>69,414</b>	<b>76,300</b>	<b>83,496</b>
<b>Transfers and grants</b>									
Cash transfers and grants	783	912	1,351	1,000	1,500	1,500	1,500	1,575	1,654
Non-cash transfers and grants	—	—	—	—	—	—	—	—	—
<b>Total transfers and grants</b>	<b>783</b>	<b>912</b>	<b>1,351</b>	<b>1,000</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,575</b>	<b>1,654</b>
<b>Contracted services</b>									
Contracted Services	9,812	11,825	12,106	13,988	13,865	13,865	14,010	14,710	15,446
Computer Services & licences	2,110	2,899	3,069	3,820	3,840	3,840	3,800	3,990	4,190
Dumping fee Karwyderskraal	768	828	1,110	4,753	2,753	2,753	2,400	2,520	2,646
Caledon dumping site	854	848	1,383	900	1,900	1,900	1,575	1,654	1,736
Refuse removal Tessaelsdal & Myddleton	158	176	162	300	300	300	—	—	—
Copier costs	353	340	380	265	329	329	280	294	309
Valuation costs	1,114	704	190	466	466	466	1,000	2,000	500
Grabouw Sustainable Plan	105	29	124	100	100	100	255	268	281
<b>sub-total</b>	<b>15,273</b>	<b>17,749</b>	<b>18,525</b>	<b>24,583</b>	<b>23,553</b>	<b>23,553</b>	<b>23,320</b>	<b>25,436</b>	<b>25,108</b>
<b>Allocations to organs of state:</b>									
Electricity	—	—	—	—	—	—	—	—	—
Water	—	—	—	—	—	—	—	—	—
Sanitation	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
<b>Total allocated services</b>	<b>15,273</b>	<b>17,749</b>	<b>18,525</b>	<b>24,583</b>	<b>23,553</b>	<b>23,553</b>	<b>23,320</b>	<b>25,436</b>	<b>25,108</b>
<b>Other Expenditure By Type</b>									
Collection costs	—	—	—	—	—	—	—	—	—
Contributions to 'other' provisions	—	—	—	—	—	—	—	—	—
Consultant fees	—	—	—	—	—	—	—	—	—
Audit fees	1,835	2,340	2,635	2,750	3,050	3,050	3,000	3,150	3,308
General expenses	25,029	55,661	19,352	23,818	25,087	25,087	24,458	25,677	26,968
Repairs & Maintenance	17,849	18,412	22,368	26,413	25,912	25,912	26,557	27,732	29,118
Streetslights	350	490	1,460	3,135	3,135	3,135	2,720	2,856	2,999
Operating Grant Expenditure	—	—	29,738	59,169	81,606	81,606	47,554	59,609	46,169
Services	4,808	5,286	5,048	5,589	5,945	5,945	5,759	6,046	6,349
Actuarial losses	257	4,183	231	4,100	4,100	4,100	65	68	71
<b>Total 'Other' Expenditure</b>	<b>50,129</b>	<b>66,372</b>	<b>80,831</b>	<b>124,973</b>	<b>148,836</b>	<b>148,836</b>	<b>110,114</b>	<b>125,139</b>	<b>114,982</b>
<b>Repairs and Maintenance by Expenditure Item</b>									
Employee related costs	—	—	—	—	—	—	—	—	—
Other materials	—	—	—	—	—	—	—	—	—
Contracted Services	—	—	—	—	—	—	—	—	—
Other Expenditure	17,849	18,412	22,368	26,413	25,912	25,912	26,557	27,732	29,118
<b>Total Repairs and Maintenance Expenditure</b>	<b>17,849</b>	<b>18,412</b>	<b>22,368</b>	<b>26,413</b>	<b>25,912</b>	<b>25,912</b>	<b>26,557</b>	<b>27,732</b>	<b>29,118</b>

# Supporting detail to Statement of Financial Position (Table SA3)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Call investment deposits</b>									
Call deposits < 90 days	20,740	26,777	50,709	20,000	50,000	50,000	30,000	30,000	40,000
Other current investments > 90 days	—	—	—	—	—	—	—	—	—
<b>Total Call investment deposits</b>	<b>20,740</b>	<b>26,777</b>	<b>50,709</b>	<b>20,000</b>	<b>50,000</b>	<b>50,000</b>	<b>30,000</b>	<b>30,000</b>	<b>40,000</b>
<b>Consumer debtors</b>									
Consumer debtors	142,033	135,675	153,439	136,205	154,961	154,961	182,109	211,240	242,440
Less: Provision for debt impairment	(114,934)	(108,674)	(117,998)	(102,972)	(140,551)	(140,551)	(164,205)	(190,041)	(218,170)
<b>Total Consumer debtors</b>	<b>27,099</b>	<b>27,001</b>	<b>35,441</b>	<b>33,232</b>	<b>14,410</b>	<b>14,410</b>	<b>17,904</b>	<b>21,199</b>	<b>24,271</b>
<b>Debt impairment provision</b>									
Balance at the beginning of the year	104,517	114,934	108,674	86,227	117,998	117,998	140,551	164,205	190,041
Contributions to the provision	21,942	48,515	37,098	31,745	37,553	37,553	43,654	45,836	48,128
Bad debts written off	(11,525)	(54,775)	(27,774)	(15,000)	(15,000)	(15,000)	(20,000)	(20,000)	(20,000)
<b>Balance at end of year</b>	<b>114,934</b>	<b>108,674</b>	<b>117,998</b>	<b>102,972</b>	<b>140,551</b>	<b>140,551</b>	<b>164,205</b>	<b>190,041</b>	<b>218,170</b>
<b>Property, plant and equipment (PPE)</b>									
PPE at cost/valuation (excl. finance leases)	637,623	732,756	838,224	876,525	963,904	963,904	1,014,483	1,053,631	1,090,925
Leases recognised as PPE	362	361	820	362	820	820	820	820	820
Less: Accumulated depreciation	81,277	90,043	100,256	124,545	141,797	141,797	160,880	180,817	201,647
<b>Total Property, plant and equipment (PPE)</b>	<b>556,708</b>	<b>643,075</b>	<b>738,788</b>	<b>752,341</b>	<b>822,927</b>	<b>822,927</b>	<b>854,423</b>	<b>873,633</b>	<b>890,097</b>
<b>LIABILITIES</b>									
<b>Current liabilities - Borrowing</b>									
Short term loans (other than bank overdraft)	—	—	—	—	—	—	—	—	—
Current portion of long-term liabilities	6,979	6,974	7,626	8,338	7,626	7,626	8,548	9,304	8,235
<b>Total Current liabilities - Borrowing</b>	<b>6,979</b>	<b>6,974</b>	<b>7,626</b>	<b>8,338</b>	<b>7,626</b>	<b>7,626</b>	<b>8,548</b>	<b>9,304</b>	<b>8,235</b>
<b>Trade and other payables</b>									
Trade and other creditors	39,665	39,513	50,358	37,623	35,936	35,936	37,527	39,965	41,068
Unspent conditional transfers	5,529	1,710	11,462	—	—	—	—	—	—
VAT	1,637	1,355	2,705	1,355	2,705	2,705	2,705	2,705	2,705
<b>Total Trade and other payables</b>	<b>46,831</b>	<b>42,579</b>	<b>64,525</b>	<b>38,979</b>	<b>38,641</b>	<b>38,641</b>	<b>40,232</b>	<b>42,670</b>	<b>43,773</b>
<b>Non current liabilities - Borrowing</b>									
Borrowing	105,681	110,091	102,599	117,307	119,947	119,947	119,309	110,005	101,770
Finance leases (including PPP asset element)	107	—	325	—	—	—	—	—	—
<b>Total Non current liabilities - Borrowing</b>	<b>105,788</b>	<b>110,091</b>	<b>102,924</b>	<b>117,307</b>	<b>119,947</b>	<b>119,947</b>	<b>119,309</b>	<b>110,005</b>	<b>101,770</b>
<b>Provisions - non-current</b>									
Retirement benefits	30,574	38,161	43,220	45,321	47,101	47,101	53,971	61,380	69,384
List other major provision items									
Refuse landfill site rehabilitation	24,980	25,965	58,944	27,265	58,944	58,944	60,244	61,609	63,043
Other	4,192	4,572	5,123	5,077	5,209	5,209	5,718	6,290	6,933
<b>Total Provisions - non-current</b>	<b>59,746</b>	<b>68,698</b>	<b>107,287</b>	<b>77,663</b>	<b>111,254</b>	<b>111,254</b>	<b>119,933</b>	<b>129,280</b>	<b>139,360</b>
<b>CHANGES IN NET ASSETS</b>									
<b>Accumulated Surplus/(Deficit)</b>									
Accumulated Surplus/(Deficit) - opening balance	460,590	491,253	553,989	587,701	617,971	617,971	675,820	686,600	700,484
GRAP adjustments	16,632	10,801	—	—	—	—	—	—	—
Restated balance	477,222	502,053	553,989	587,701	617,971	617,971	675,820	686,600	700,484
Surplus/(Deficit)	14,530	57,935	73,204	16,873	16,161	16,161	10,780	13,884	10,476
Appropriations to Reserves	(500)	(6,000)	(10,000)	—	(5,000)	(5,000)	—	—	—
Transfers from Reserves	—	—	778	2,815	16,990	16,990	—	—	—
Depreciation offsets	—	—	—	—	—	—	—	—	—
Other adjustments	0	—	—	—	29,697	29,697	—	—	—
<b>Accumulated Surplus/(Deficit)</b>	<b>491,253</b>	<b>553,989</b>	<b>617,971</b>	<b>607,389</b>	<b>675,820</b>	<b>675,820</b>	<b>686,600</b>	<b>700,484</b>	<b>710,960</b>
<b>Reserves</b>									
Housing Development Fund	—	—	—	—	—	—	—	—	—
Capital replacement	500	6,500	15,721	3,511	3,731	3,731	3,731	3,731	3,731
Self-insurance	—	—	—	—	—	—	—	—	—
Other reserves	55	55	55	55	55	55	55	55	55
Revaluation	41,091	81,275	84,991	81,275	68,163	68,163	68,163	68,163	68,163
<b>Total Reserves</b>	<b>41,647</b>	<b>87,830</b>	<b>100,768</b>	<b>84,841</b>	<b>71,949</b>	<b>71,949</b>	<b>71,949</b>	<b>71,949</b>	<b>71,949</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>532,899</b>	<b>641,819</b>	<b>718,739</b>	<b>692,231</b>	<b>747,769</b>	<b>747,769</b>	<b>758,549</b>	<b>772,433</b>	<b>782,910</b>

## Total Municipal Account

The effect of the proposed tariff and rate increases on households is illustrated below:

### Benchmarking Households based on 2015-16 tariffs

<b>Monthly Account For Household - "Indigent"</b> <b>Household receiving free basic services</b> <b>Property Value: R 122 000</b> <b>Water: 6kl, Electricity 70kwh</b>				
Rates and Services Charges	Current 2015-16	New Tariff	Rand Difference	Percentage Increase
Property Rates	14.75	16.20	1.46	9.89%
Elec: Basic Levy	0			
Elec: Consumption	0			
Water: Basic Levy	0			
Water: Consumption	0			
Sanitation	0			
Refuse Removal	0			
Other	0			
<b>Sub-Total</b>	14.75	16.20	1.46	9.89%
Vat on Services	0	0		
<b>Total Bill:</b>	<b>14.75</b>	<b>16.20</b>	<b>1.46</b>	<b>9.89%</b>
<b>Monthly Account For Household - "Affordable Range"</b> <b>Property Value: R 719 000</b> <b>Water: 15kl, Electricity 489kwh</b>				
Rates and Services Charges	Current 2015-16	New Tariff	Rand Difference	Percentage Increase
Property Rates	471.86	518.50	46.64	9.89%
Elec: Basic Levy	47.47	51.75	4.28	9%
Elec: Consumption	727.19	792.64	65.45	9%
Water: Basic Levy	80.79	87.02	6.23	7.7%
Water: Consumption	154.47	166.37	11.90	7.7%
Sanitation	111.84	118.55	6.71	6%
Refuse Removal	123.86	133.64	9.78	7.9%
Other				
<b>Sub-Total</b>	1717.48	1868.47	150.99	9%
Vat on Services	174.39	189.00	14.61	8%
<b>Total Bill:</b>	<b>1891.86</b>	<b>2057.46</b>	<b>165.60</b>	<b>9%</b>
<b>Monthly Account For Household - "Middle Income"</b> <b>Property Value: R 1 364 000</b> <b>Water: 30kl, Electricity 1000kwh</b>				
Rates and Services Charges	Current 2015-16	New Tariff	Rand Difference	Percentage Increase
Property Rates	904.17	993.59	89.42	9.89%
Elec: Basic Levy	47.47	51.75	4.28	9%
Elec: Consumption	1487.10	1620.94	133.84	9%
Water: Basic Levy	80.79	87.02	6.23	7.7%
Water: Consumption	318.87	343.42	24.55	7.7%
Sanitation	111.84	118.55	6.71	6%
Refuse Removal	123.86	133.64	9.78	7.9%
Other				
<b>Sub-Total</b>	3074.1	3348.92	274.82	9%
Vat on Services				
<b>Total Bill:</b>	<b>3377.89</b>	<b>3678.66</b>	<b>300.77</b>	<b>9%</b>

## 18. Municipal manager's quality certificate

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I, H.S.D. WALLCE, Municipal Manager of Theewaterskloof Municipality (WC031), hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: HS D Wallace

Municipal Manager of: Theewaterskloof Municipality (WC031)

Signature: \_\_\_\_\_

Date: 23 March 2016

Print Name: D Louw

Chief Financial Officer of: Theewaterskloof Municipality (WC031)

Signature: \_\_\_\_\_

Date: 23 March 2016